

WRITTEN QUESTION E-4761/06
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to the Commission

Subject: Rights of independent retailer groups

In the highly competitive field of retailing, the independent retailer group is an effective business model that promotes entrepreneurship. Independent retailer groups represent a 496-billion-euro business and a 3.5-million workforce in Europe. This makes it a vital economic engine for business. Independent retailer groups work with a vertical retailer model, where the central administration of the group has a certain say over the stores, which are run by independent entrepreneurs. The entrepreneur is liable to pay a chain fee to the central organisation of the group correspondingly, as in the franchising concept, in which the franchisee pays a commission to the franchiser.

Under current EU competition legislation the independent retailer group is not clearly recognized as a separate business model. Currently, independent retailer groups are not given the same rights as the integrated retail chains. The structure of the independent retailer group, only because it includes independent retailers, should not be a deciding factor in determining its competition law status. Independent retailer groups increase competitiveness against integrated chains and promote competition in the market. Replacing independent retailers with their own professional management would certainly not promote competition; on the contrary, competition would deteriorate significantly. At the moment there are several unfair restrictions imposed on groups of independent retailers as regards the power they are allowed to impose on individual retailers. For example, in order to maintain price competitiveness the group should have the right to set maximum prices within all stores that belong to the group, regardless of the group's market share. The group should also be allowed to determine where the retailers buy their products from. This is done in order to ensure cheap prices for consumers by buying in bulk.

Is it true that the Commission does not currently recognize the independent retailer group model as a legitimate business model from the competition law point of view, unlike integrated retail chains and franchising? Is it also true that competition law is not being implemented properly in the case of independent retailer groups? Does the Commission intend to ensure equal treatment of independent retailers groups?