Cross-border aspects of e-commerce

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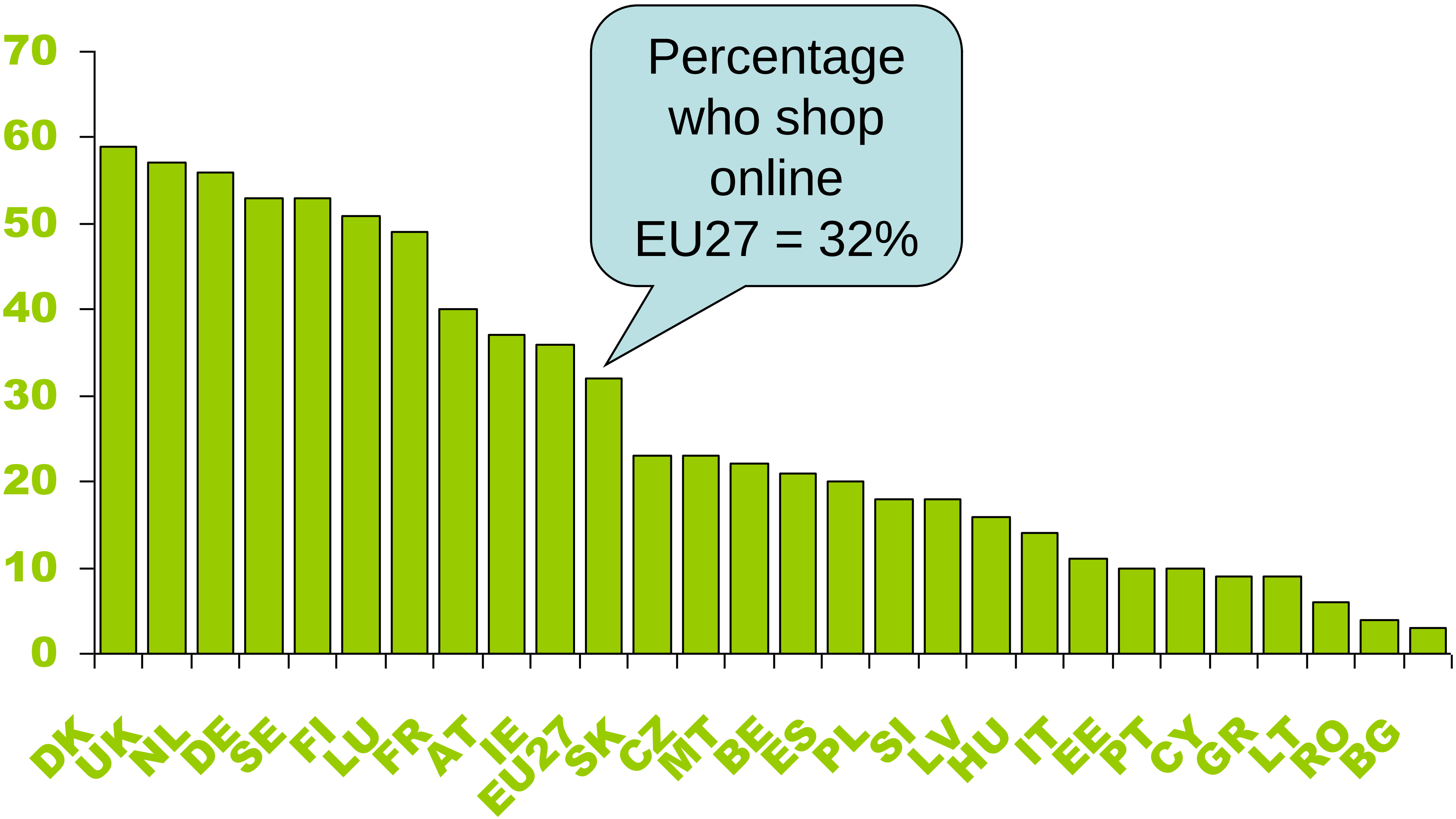
Commission report on cross-border e-commerce

- Commission Staff Working Document adopted on 5/3/2009 as a follow-up of the Consumer Market Scoreboard.

Main findings

- A diversity of situations, different levels of market maturity
- E-commerce taking off at national level, but cross-border e-commerce is not
- Potential for consumers is significant: more choice, more competition, better offers
- Potential is failing to materialise because of practical and regulatory obstacles that result in market fragmentation
- Accessible at: **http://ec.europa.eu/consumers/strategy/facts_en.htm**

Different levels of market maturity



Percentage of individuals who ordered goods or services over the Internet for private use in the last year (2008). Source: Eurostat, Information society statistics (2009). Data extracted on 3 February 2009.

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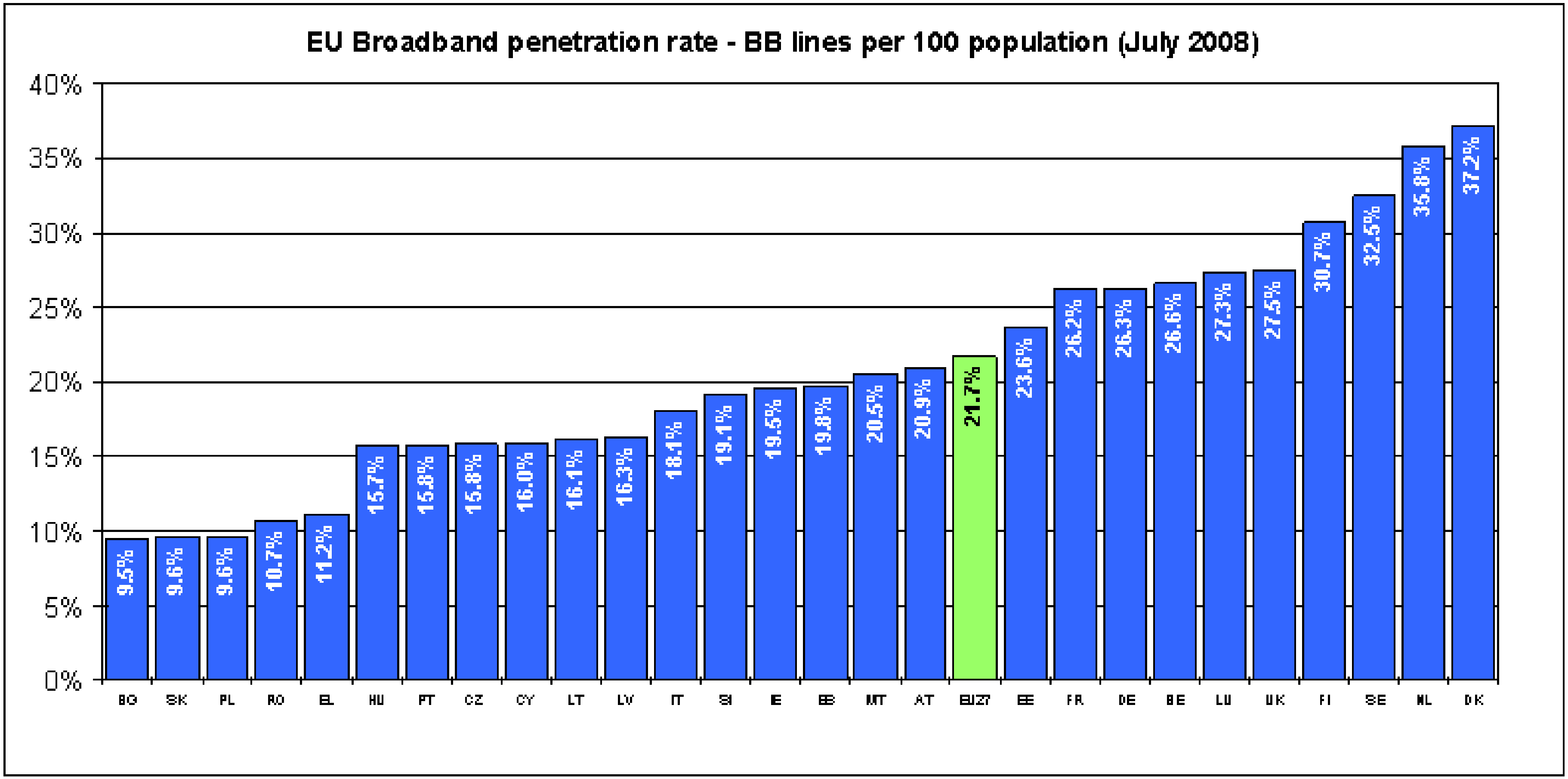
Different levels of broadband penetration



European Commission, Towards a Single European Telecoms Market: 14th Progress report (March 2009).

EU market typology

(consumers who have Internet at home)

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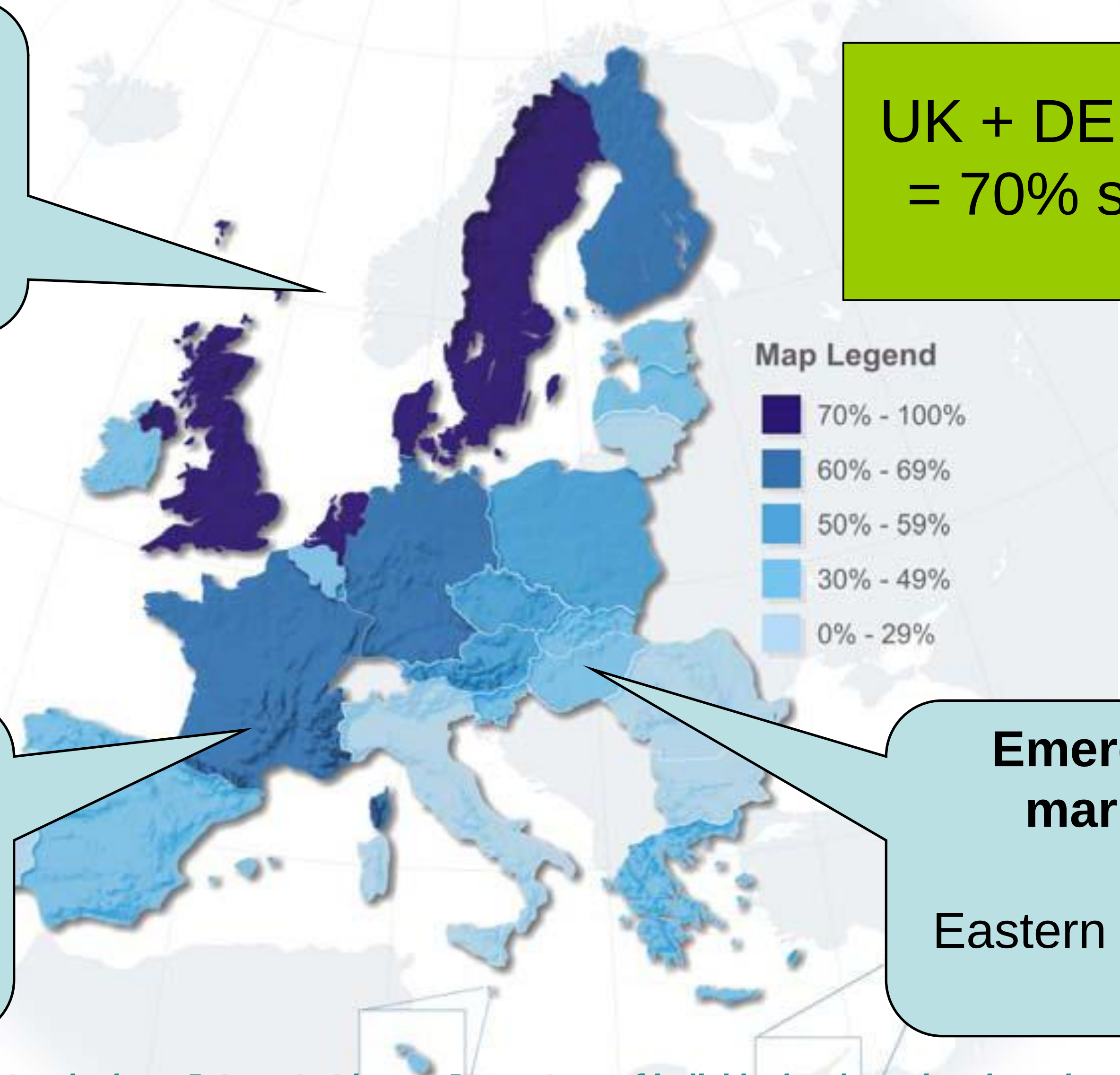
Mature market

Most Internet users shop online

UK + DE + FR = 70% sales



Growth market

Internet users catching up Fr, It, Esp

Emerging market

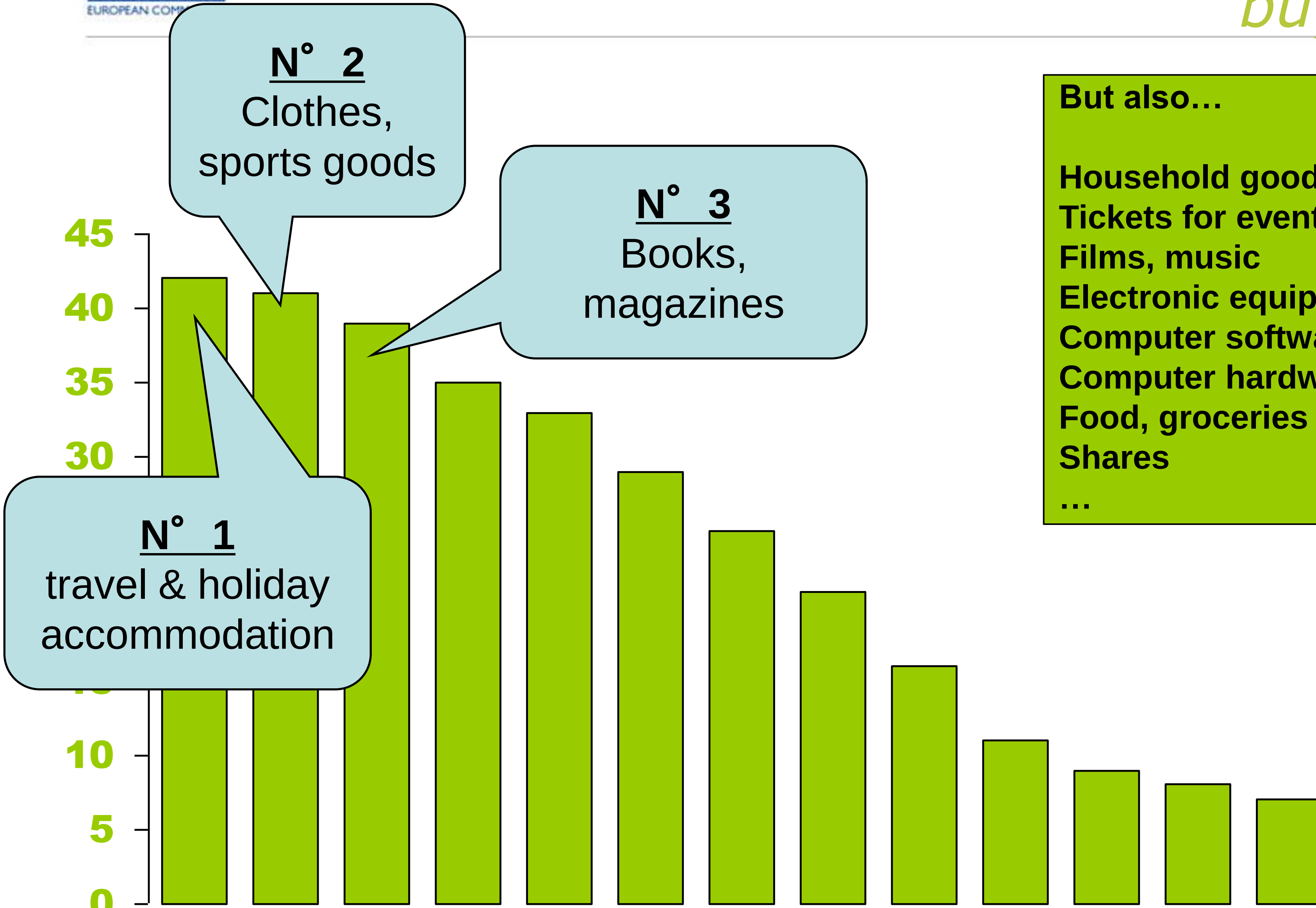
Eastern Europe

Base: respondents who have Internet at home. Percentage of individuals who ordered goods or services over the Internet for private use in the last year (2008). Source: Eurobarometer 298 (2008).

Online price comparison

- 36% have used the Internet to compare goods or services from different sellers\ providers, for example by visiting price comparison websites:
  - 17% purchased the product on the Internet
  - 10% in a shop
  - 13% did not eventually make the purchase
- 3 in 5 Europeans who have Internet access at home have compared prices online.
- Interdependence of online shopping with other retail channels

What online shoppers are buying

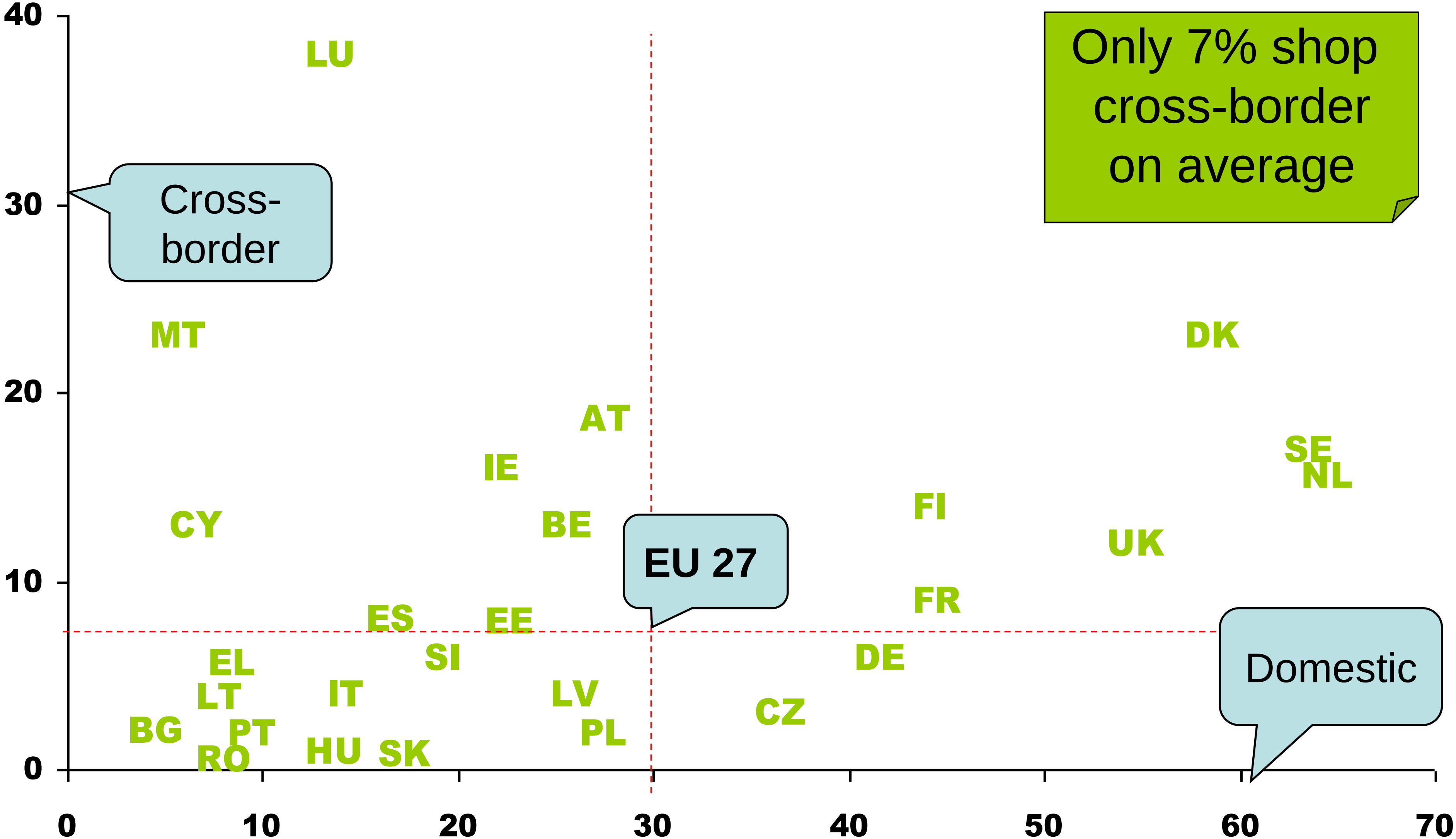


But also…

Household goods
Tickets for events
Films, music
Electronic equipment
Computer software
Computer hardware
Food, groceries
Shares
…

Base: percentage of individuals who ordered goods or services, over the Internet, for private use, in the last year.
Source: Eurostat (2009)

Slow take-up of cross-border e-commerce



Percentages of consumers having bought goods or services on the Internet from sellers in another EU country (cross-border purchases) vs. in their own country (domestic purchases). Source: Eurobarometer 298 (2008)

Adoption of e-commerce by businesses

- The second most used retail channel
- 51% sell online, but only 21% sell cross-border

Percentages of retailers who use the following sales channels. Source: Eurobarometer 224 (2008)

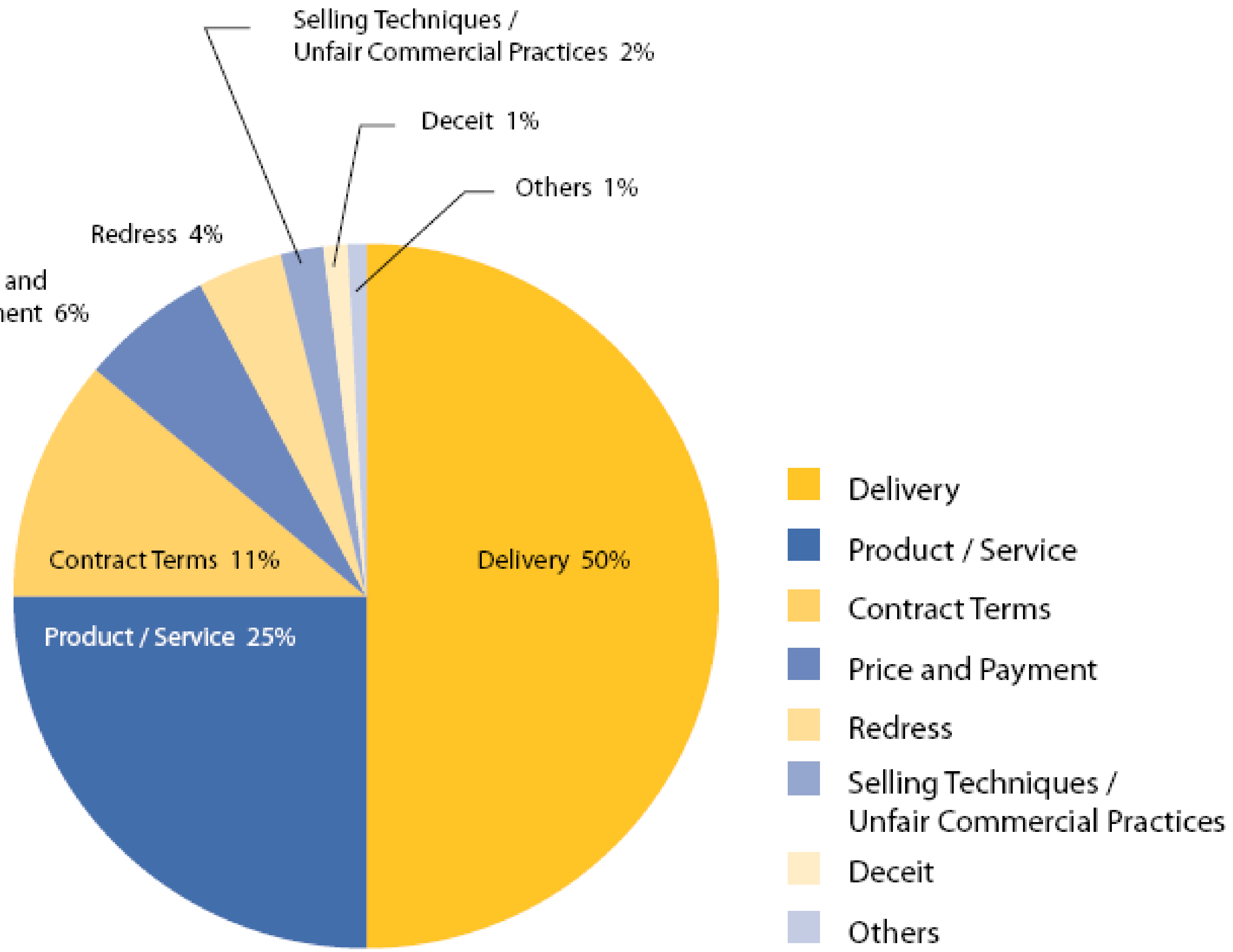
Potential of cross-border e-commerce

- Cheaper, better offers:
  - 1/3 EU citizens would consider buying a product or a service from another Member State via the internet because it is cheaper or better.
- More choice in a culturally diverse continent:
  - 1/3 EU consumers willing to purchase goods and services in another language.

Consumer inhibiting factors

- Consumer demographics and shopping preferences
- Internet access
- Consumer confidence: trust in online sellers
  - Security of payments, data privacy
  - Delivery fulfilment, receiving and returning goods
  - Reputability and cross-border brand recognition
- Cross-border enforcement and redress
  - Significantly more cumbersome and expensive
  - Consumers don't know who to turn to
- Language: a complicating factor
  - After sales support, complaints and dispute resolution

Most common problems



Cross-border consumer complaints concerning e-commerce as the sales method handled by the European Consumer Centres (ECC-Net). Source: European Online Marketplace: Consumer Complaints 2007 (2008)

Business constraints

- Language, cultural and technical barriers
- Cross-border logistics
- Cross-border payments
- Search and advertising
- Administrative and regulatory barriers
  - Uneven implementation at national level generates compliance costs that can be prohibitive
  - Refusal to serve some countries
  - Market fragmentation at retailer level

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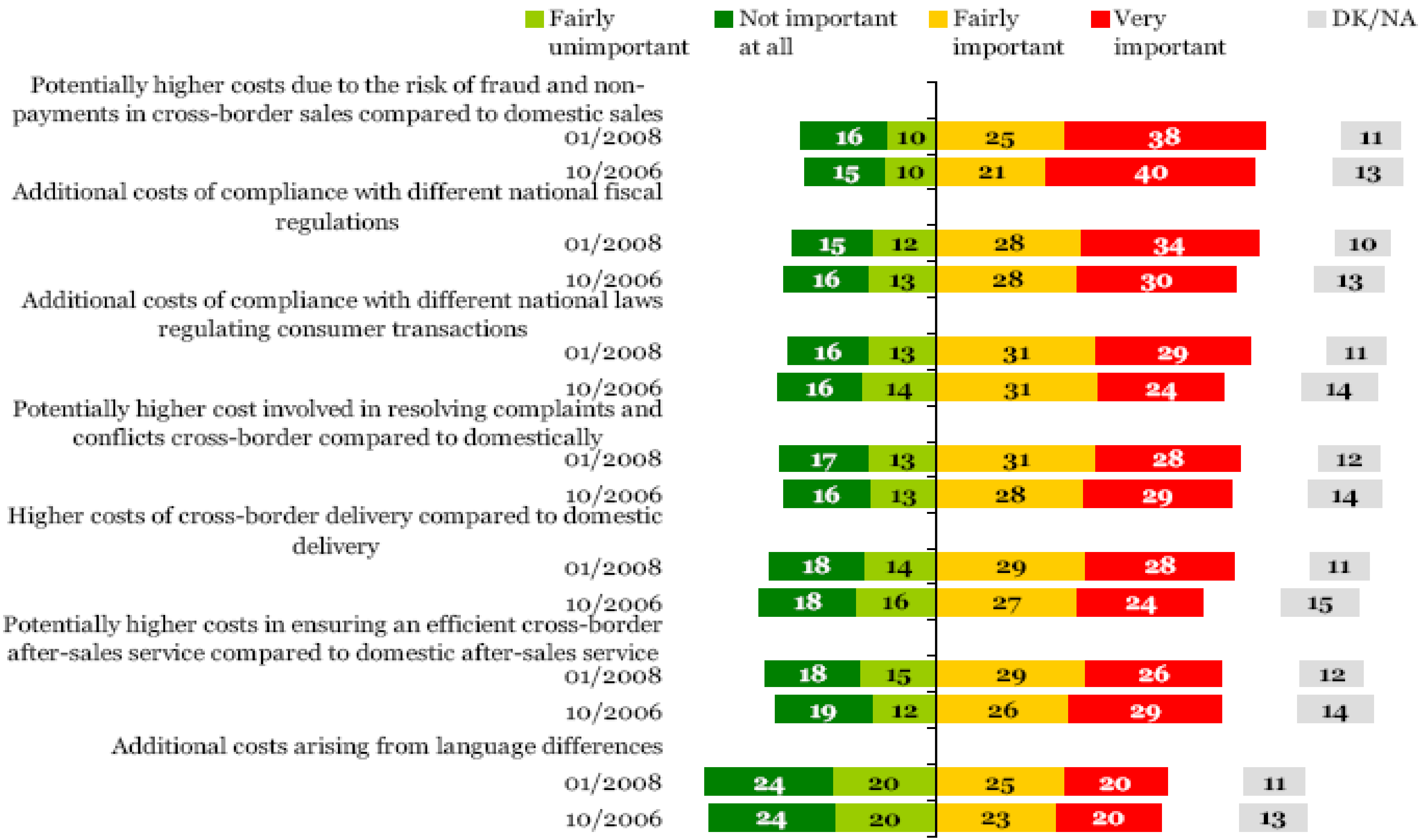
Obstacles to cross-border trade for business



Practical obstacles to B2C cross-border trade. Source: Eurobarometer 224 (2008)

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Enforcement actions concerning e-commerce

- Consumer Protection Cooperation Network
  - Simultaneous investigations and common enforcement actions are coordinated through an EU-wide network of national, public enforcement authorities (Regulation N° 2006/2004).
- 2008 sweep of websites offering mobile phone services:
  - Unfair Commercial Practices Directive (2005/29/EC)
  - Distance Selling Directive (1997/7/EC)
  - E-Commerce Directive (2000/31/EC)
- 2007 sweep on websites selling air tickets:
  - Misleading Advertisement (Directive 84/450/EEC)
  - Unfair Contract terms (Directive 93/13/EEC)

Thank you for your attention