

Update on E-Commerce in Europe

Walter Devenuto - President EMOTA



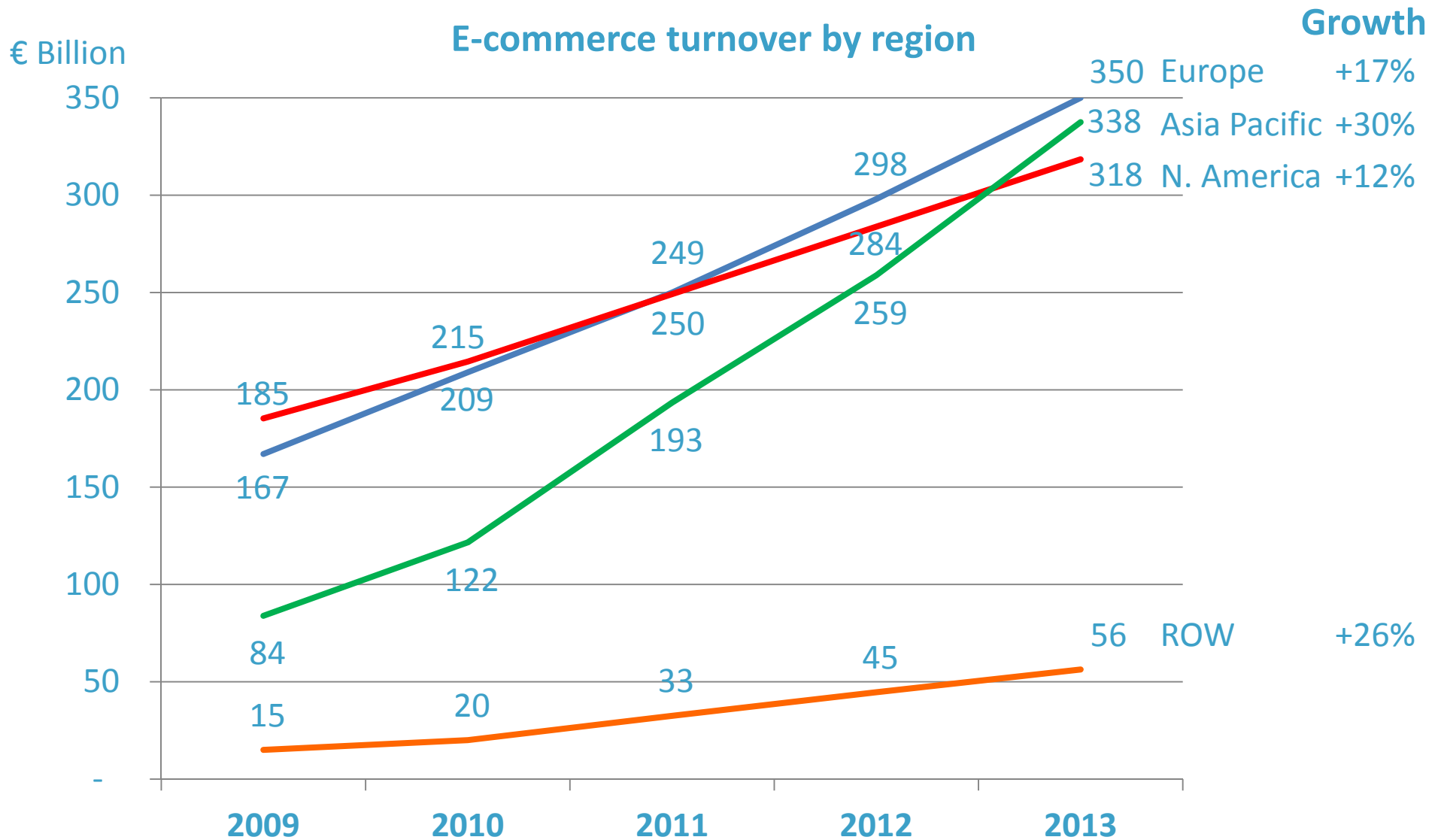
The 5th Annual European
E-Commerce Conference 2013
15th October 2013 / Renaissance Hotel . Brussels

EMOTA represents 3,500 multi-channel/online retailers in 15 countries



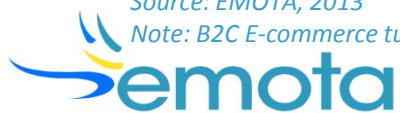
- 15 European countries
- 16 member associations
- 3,500 companies
- € 290 billion turnover
- 83% of European e-commerce

In 2013, European E-Commerce will reach a turnover of €350 billion



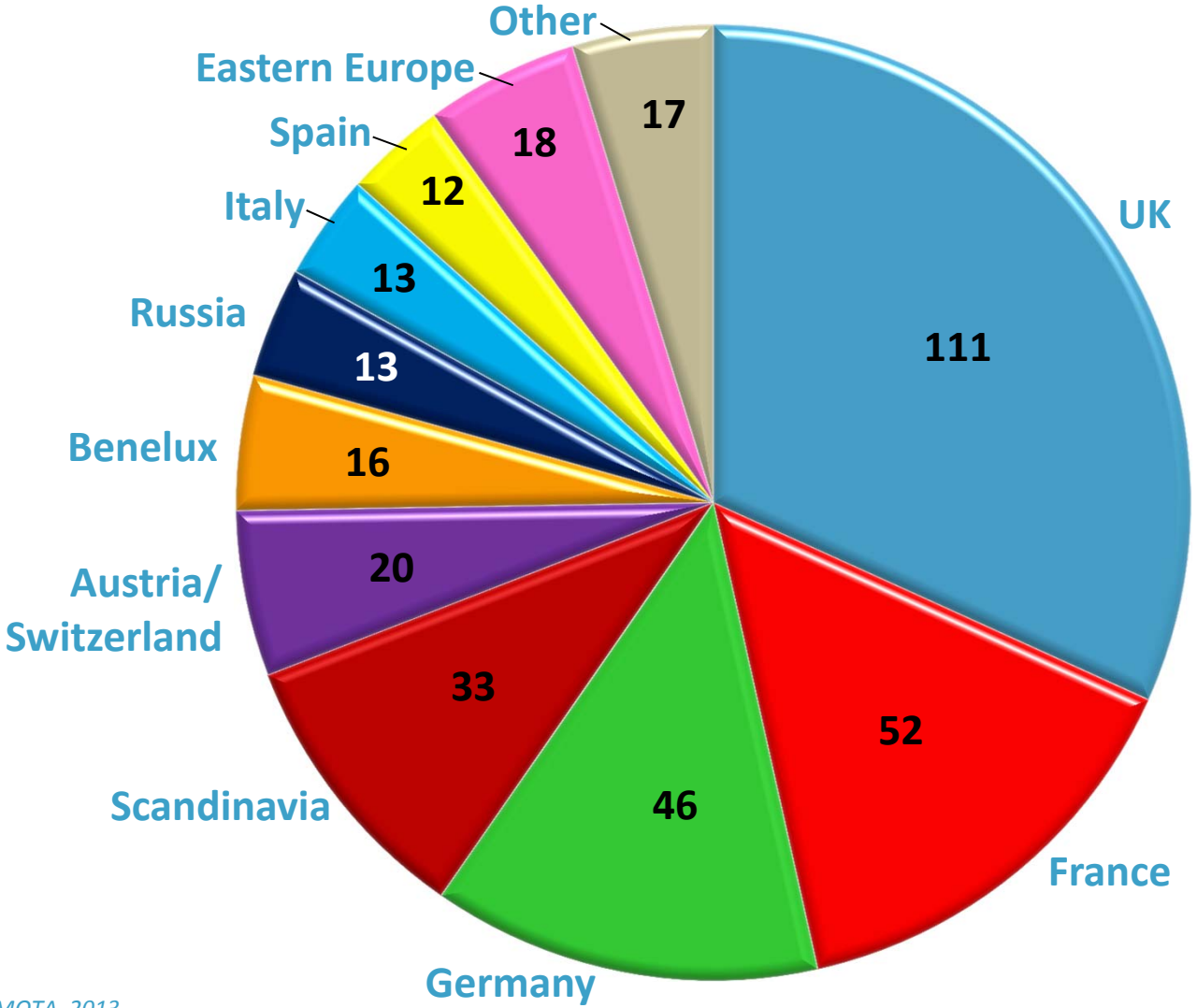
Source: EMOTA, 2013

Note: B2C E-commerce turnover includes online travel, digital downloads and event tickets; excludes online gaming and financial services



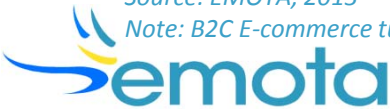
UK, France and Germany account for 60% of European E-Commerce

European E-commerce turnover by country 2013 (€ billion)



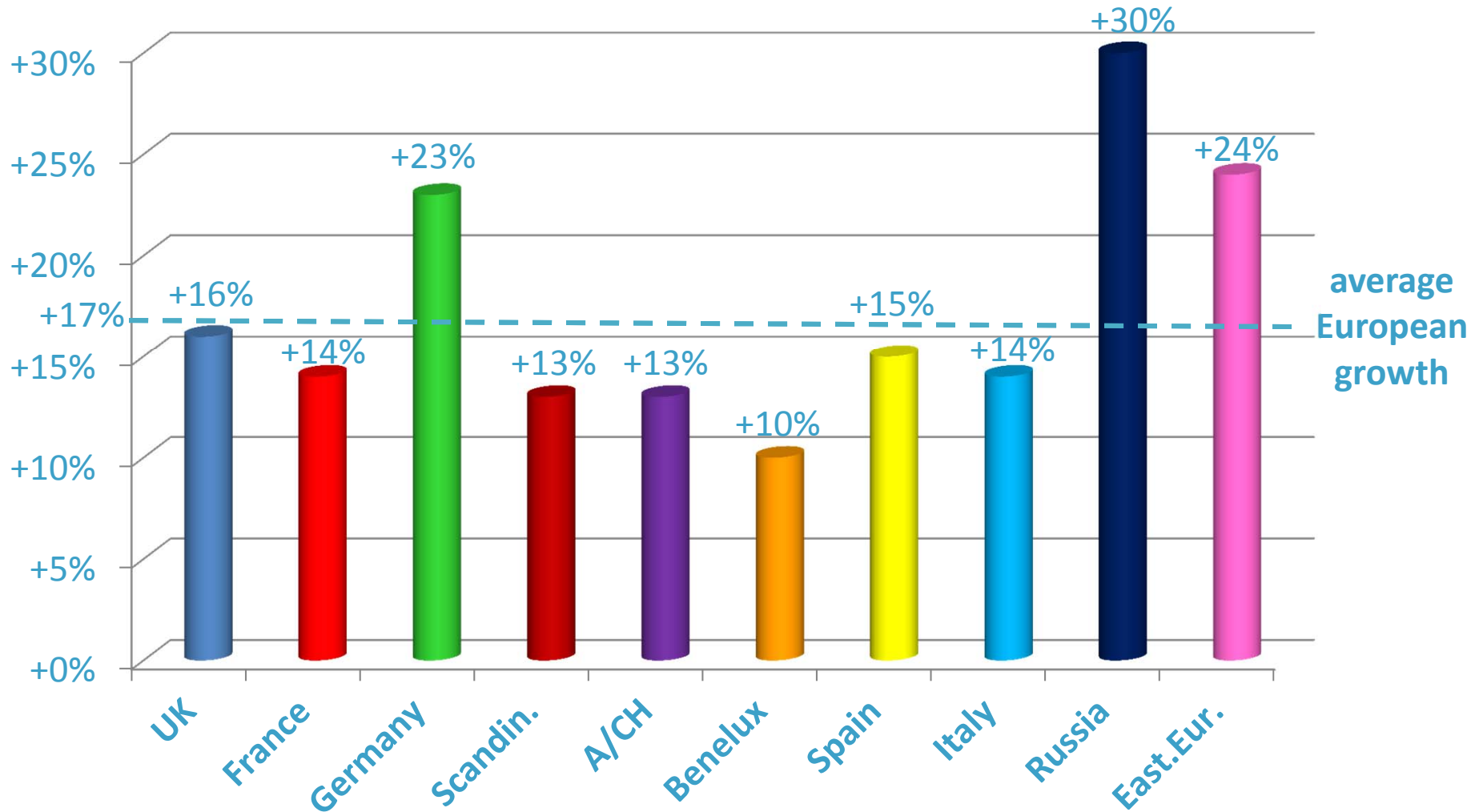
Source: EMOTA, 2013

Note: B2C E-commerce turnover includes online travel, digital downloads and event tickets; excludes online gaming and financial services



E-Commerce is growing very fast throughout Europe

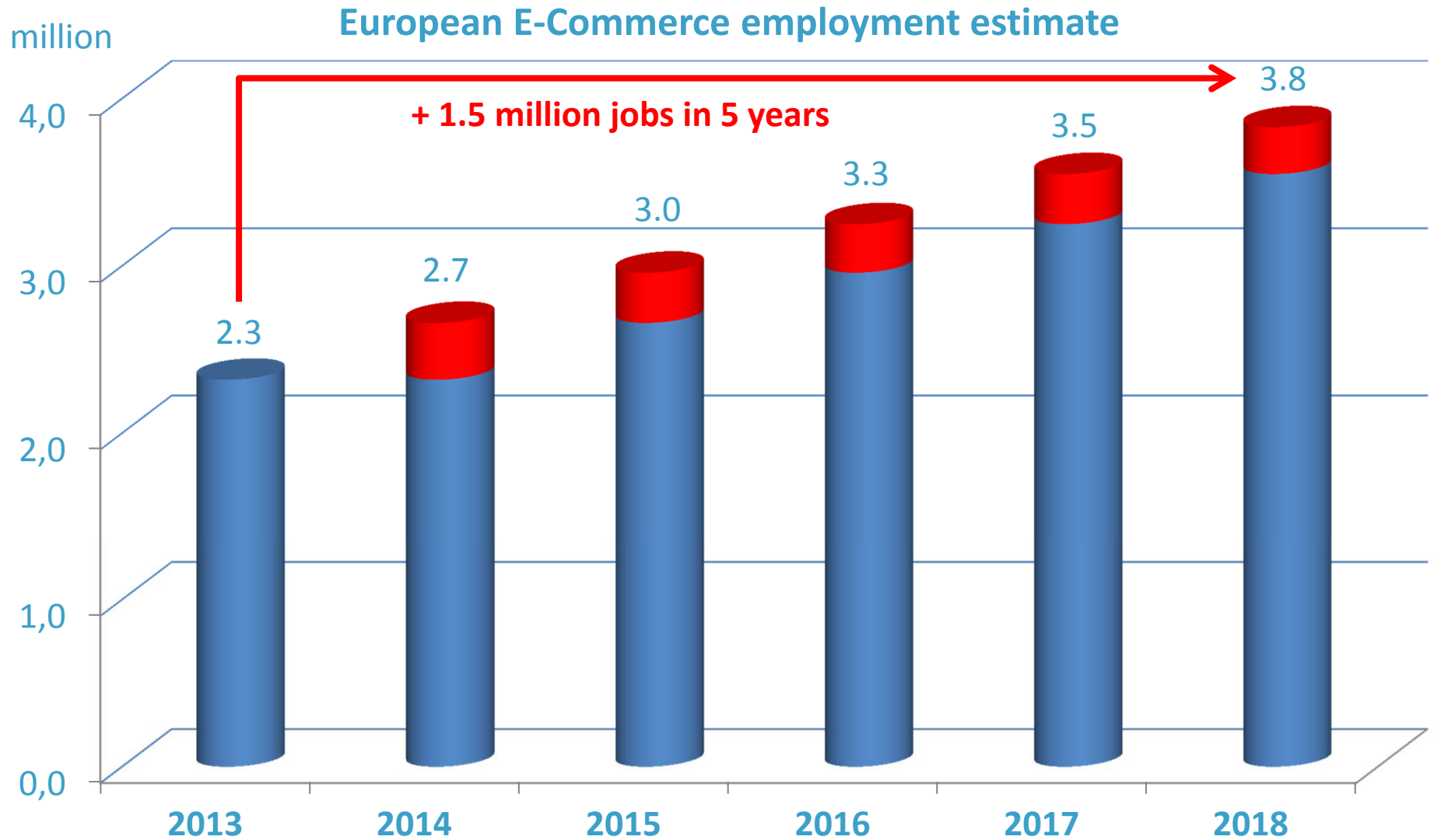
E-commerce growth estimate by country in 2013



Source: EMOTA, 2013

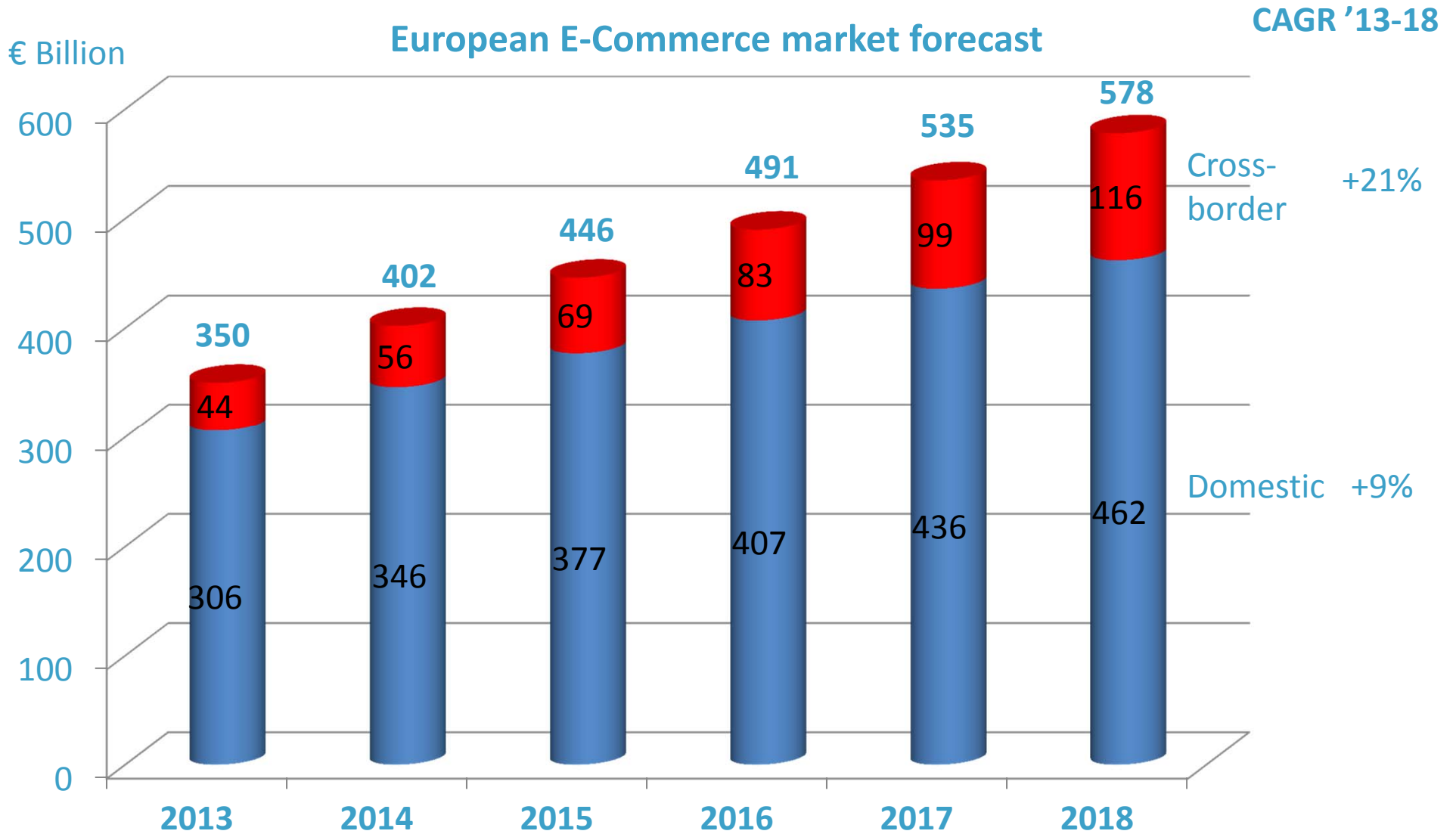


E-Commerce can potentially create 1.5 million jobs in Europe



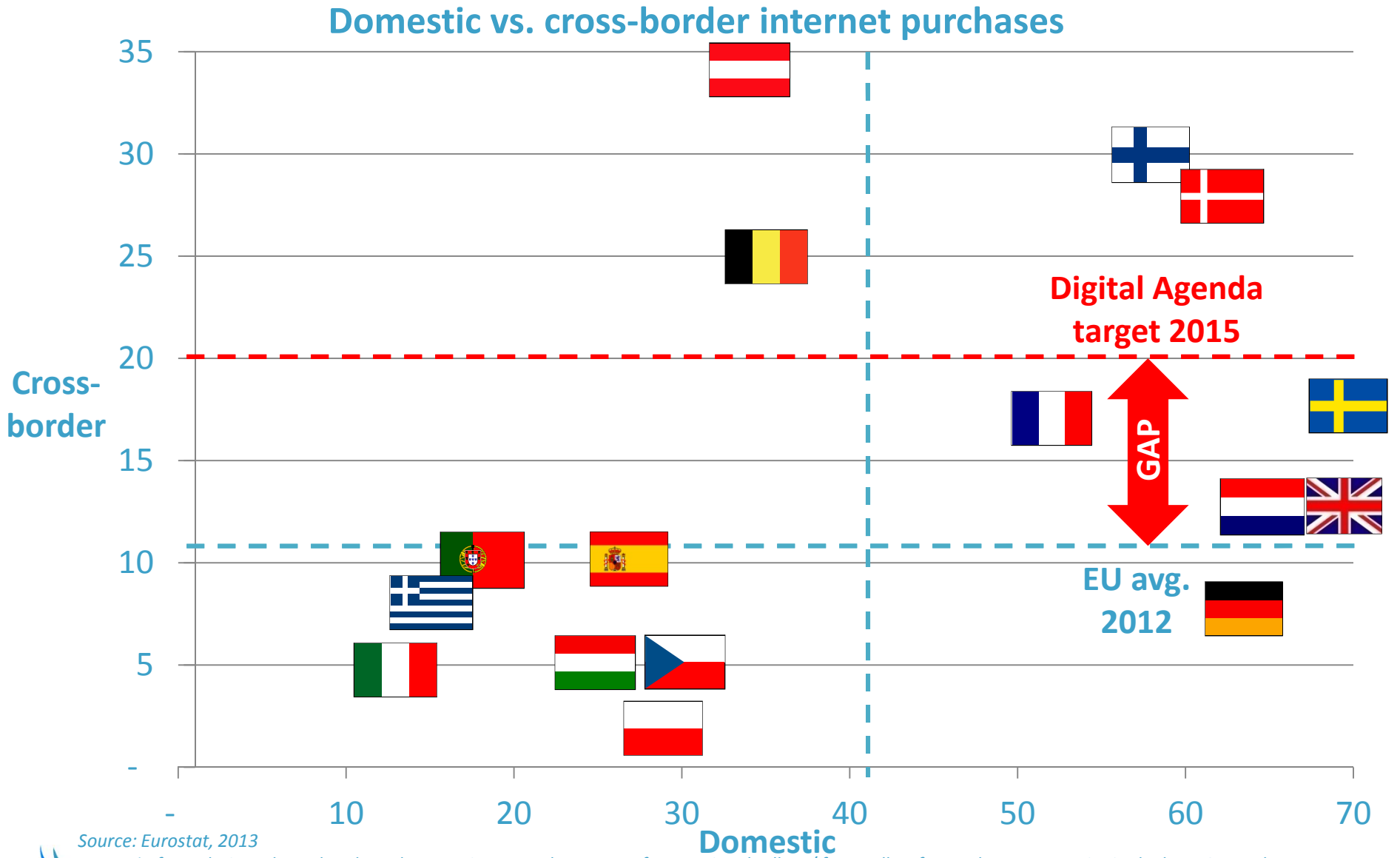
Source: EMOTA, 2013

Cross-border online sales will grow twice as fast as domestic sales



Source: EMOTA, 2013

However, only 11% of consumers currently shop online across borders

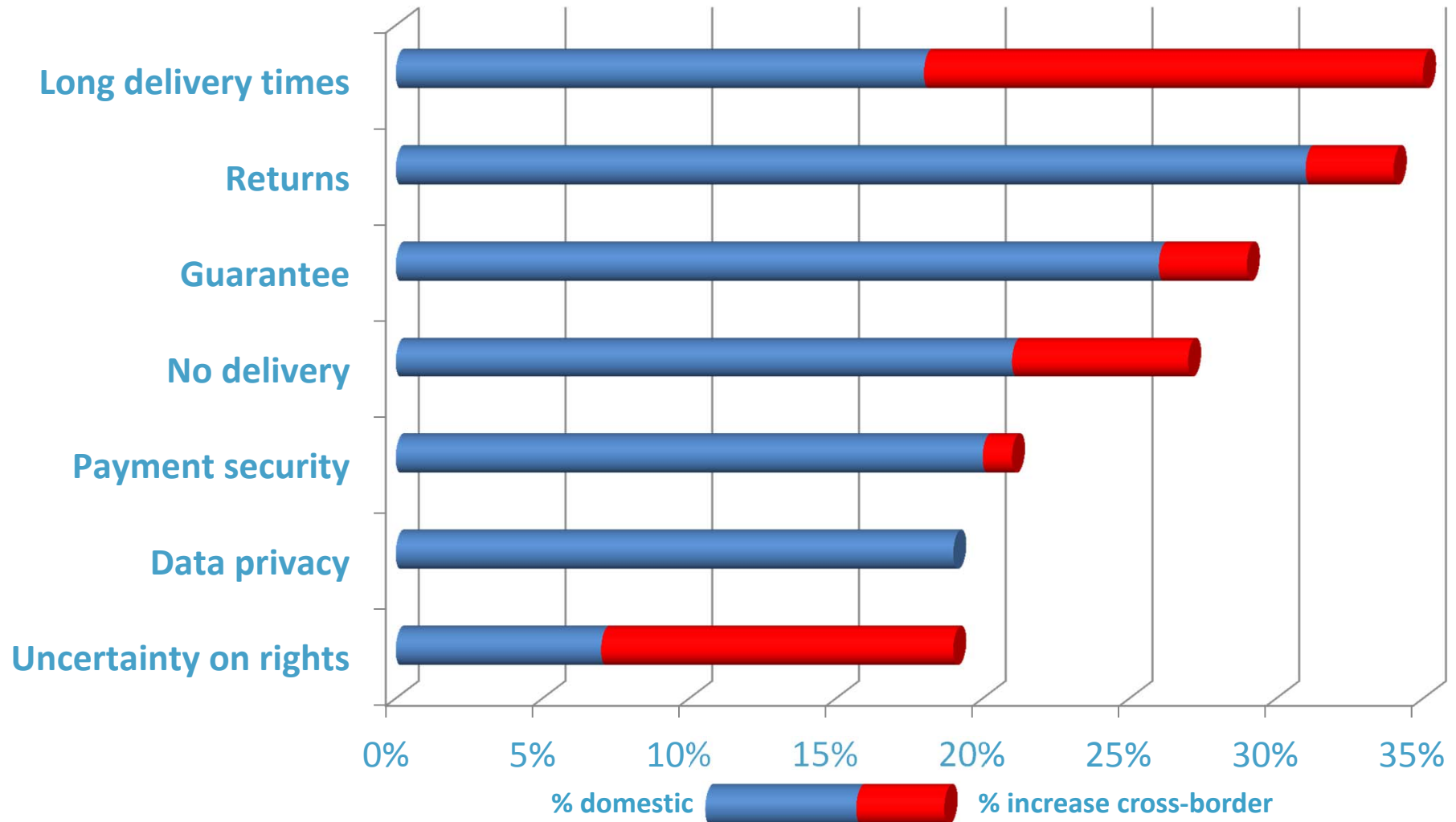


Source: Eurostat, 2013

Note: % of population who ordered goods or services over the Internet from national sellers / from sellers from other EU countries in the last 12 months

In fact, consumers are more worried about international delivery

Concerns about cross-border vs. domestic online purchases

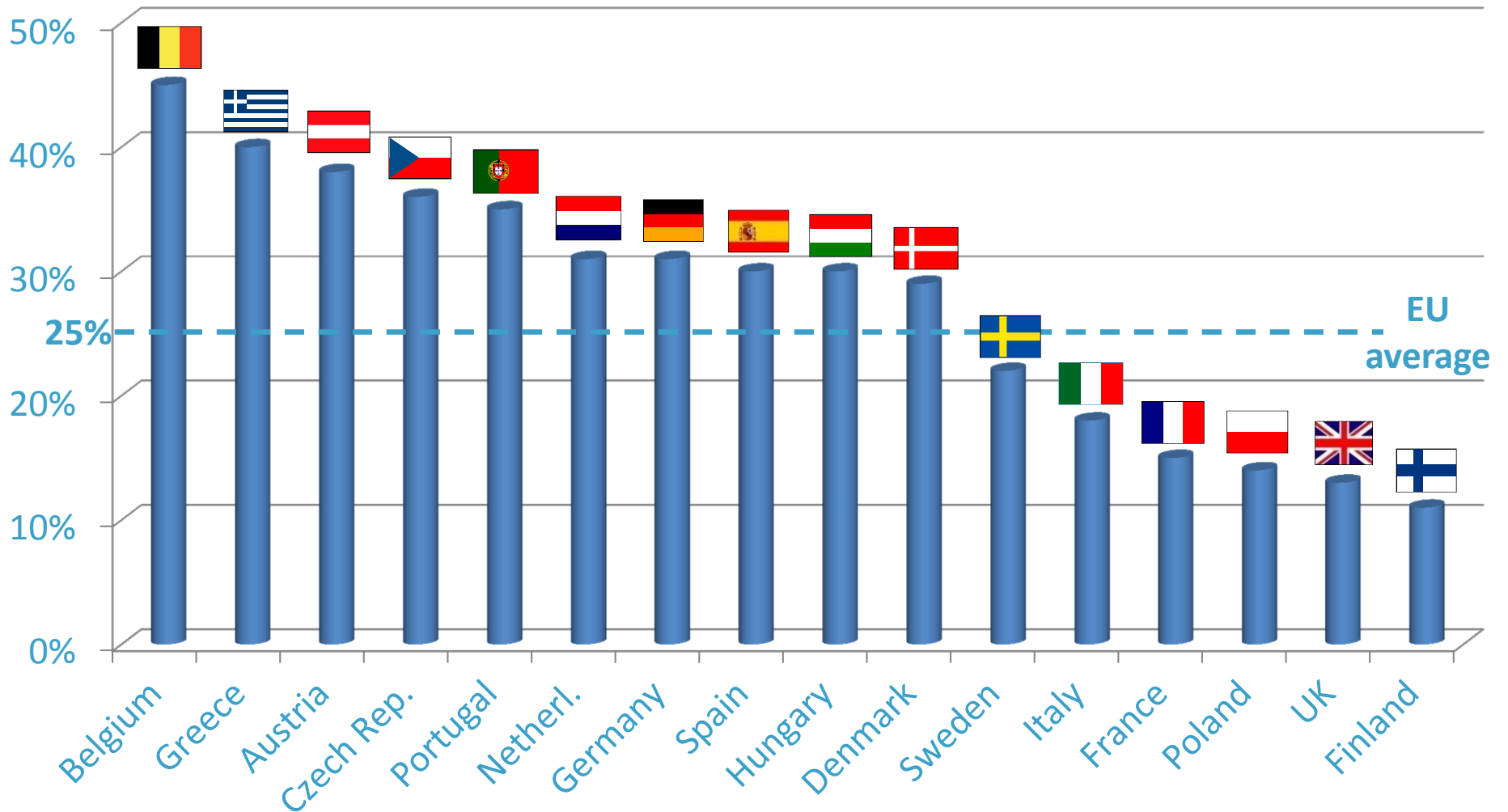


Source: Civic Consulting/TNS, 2011

Note: % of consumers reporting concerns about buying products online in their own country vs. in another EU country (sample: 29.010 individuals)

In addition, only 25% of retailers sell across borders

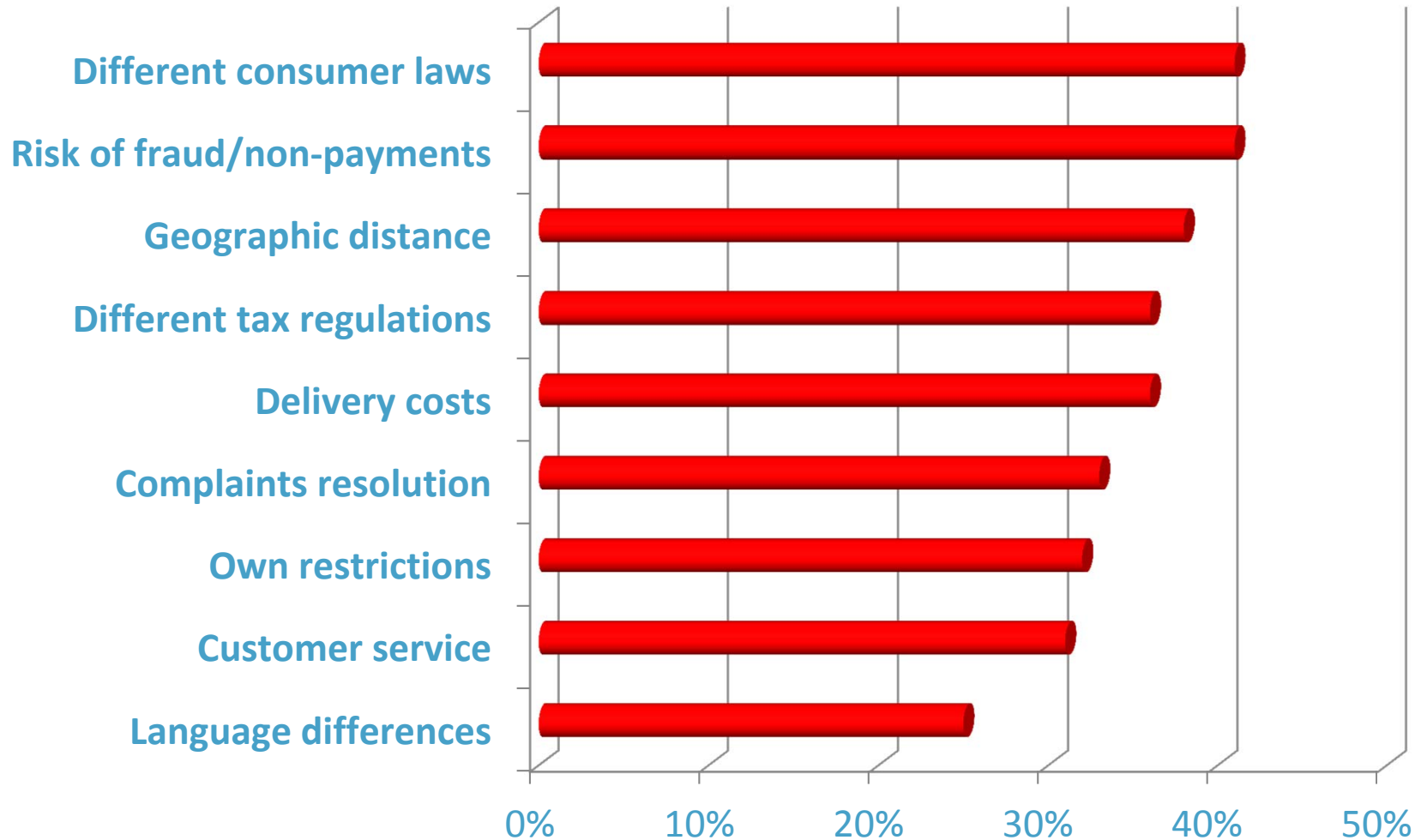
Proportion of retailers selling in at least one other EU country



Source: TNS, Flash Eurobarometer 359, 2013

In fact, many retailers are deterred by legal/tax and payment issues

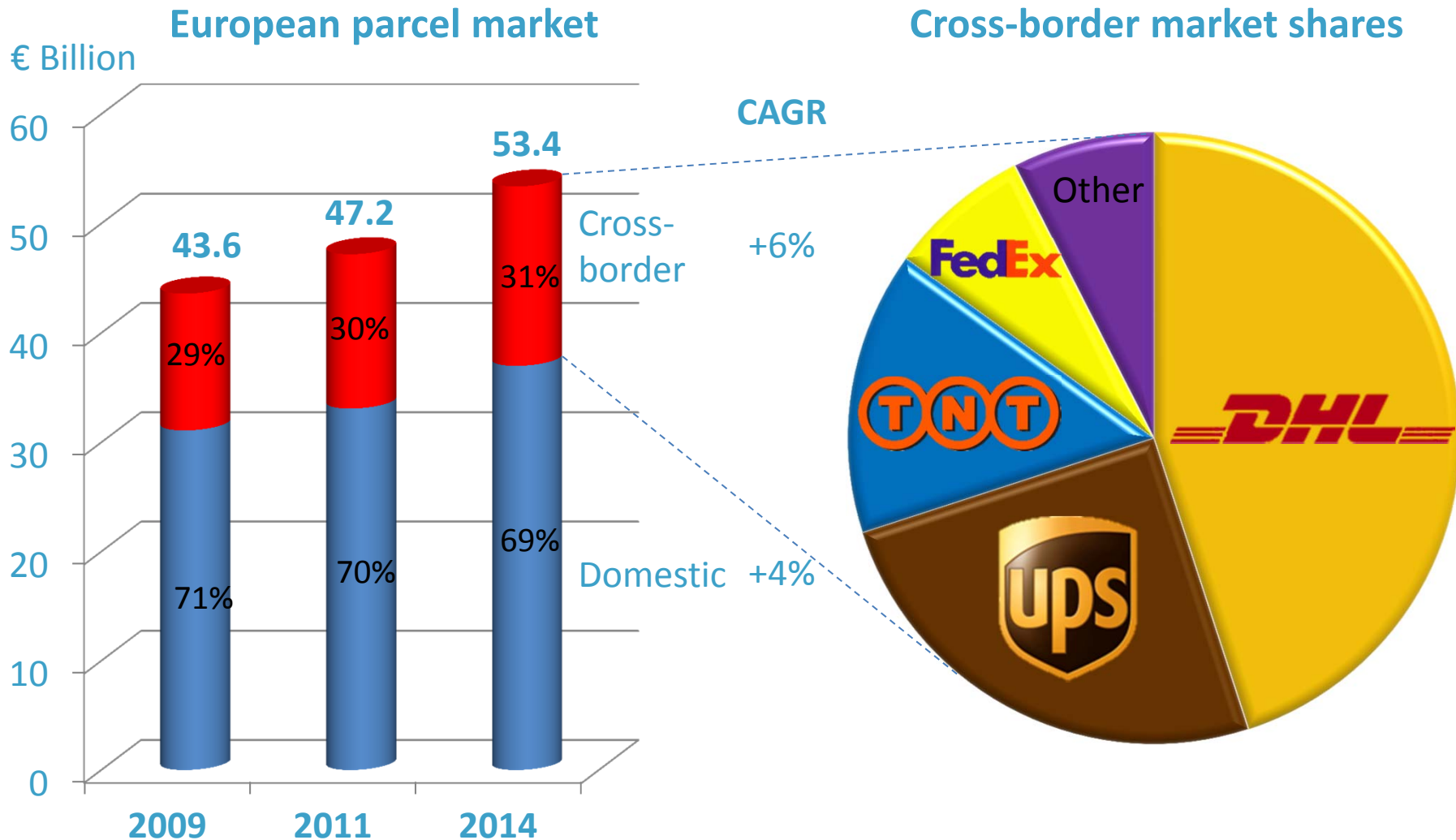
Barriers to cross-border sales for retailers



Source: TNS, Flash Eurobarometer 359, 2013

Note: % of retailers reporting obstacles to cross-border sales to other EU countries

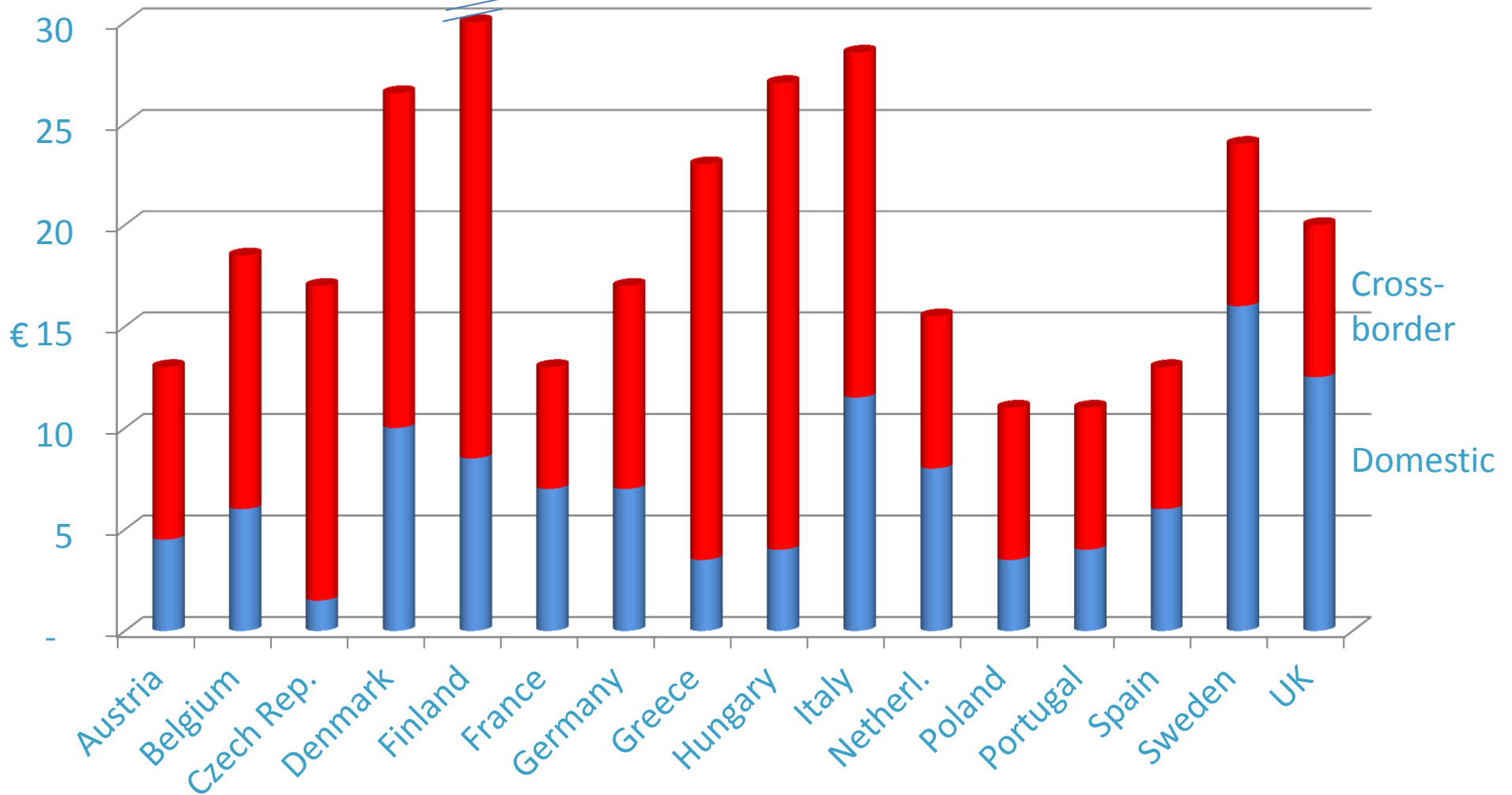
The cross-border parcel distribution market is highly concentrated



Source: AT Kearney 2012, European Commission 2013

Cross-border distribution prices are twice as high as domestic ones

Domestic and cross-border parcel distribution prices

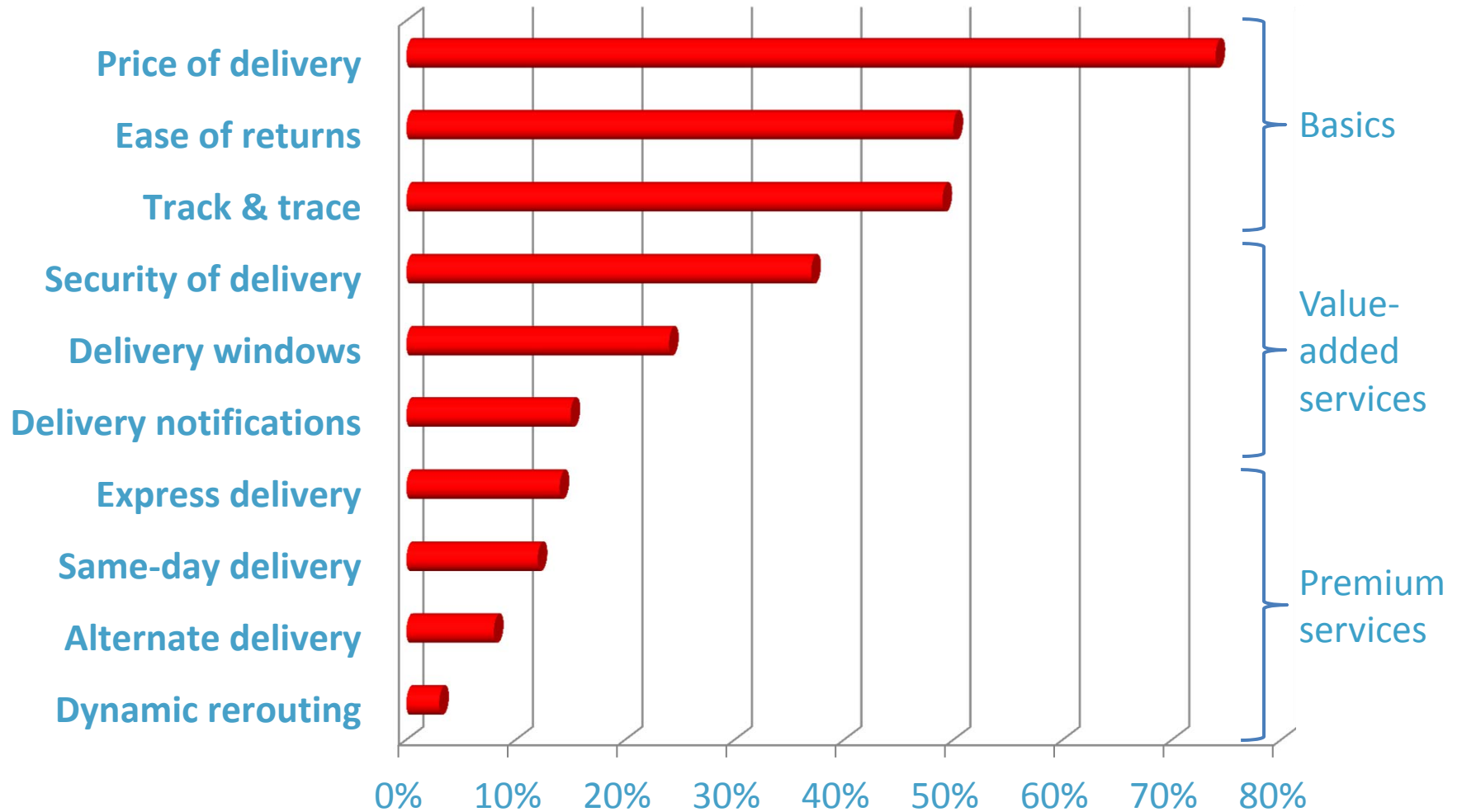


Source: FTI, 2011

Note: Domestic and weighted average cross-border prices for 1 kg. parcels

Beside low prices, consumers want easy returns and track & trace

Relative importance of delivery offerings



Source: BCG, 2013

Note: survey of 1,500 consumers in late 2012 - % of respondents – top 3 answers

Operators need to provide advanced services to suit consumer needs

Easy returns



Track & trace



Fast delivery solutions



Fixed time windows

What time would you like your delivery?
Please select a delivery slot from the calendar.

	Jun 16 - 22		Jun 23 - 29		
	Thu 23 rd Jun	Fri 24 th Jun	Sat 25 th Jun	Sun 26 th Jun	Mon 27 th Jun
09:00 - 11:00	£4.99	£5.99	£5.99	—	£4.99
10:00 - 12:00	£4.99	Reserved £5.99	£5.99	£5.99	£4.99
11:00 - 13:00	£4.99	£5.99	£5.99	£5.99	£4.99

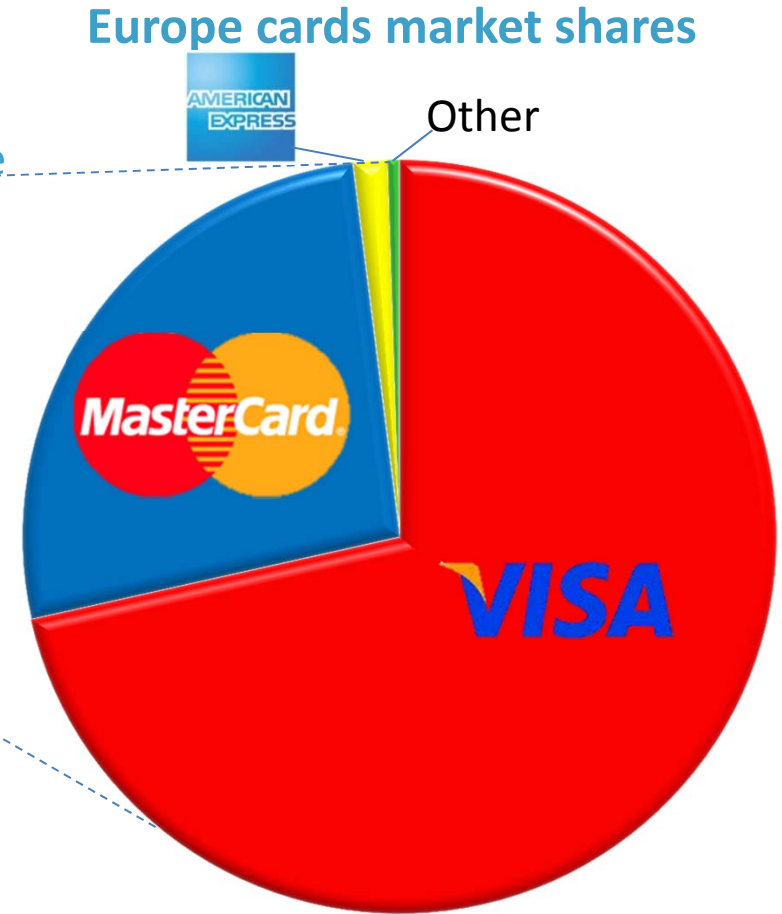
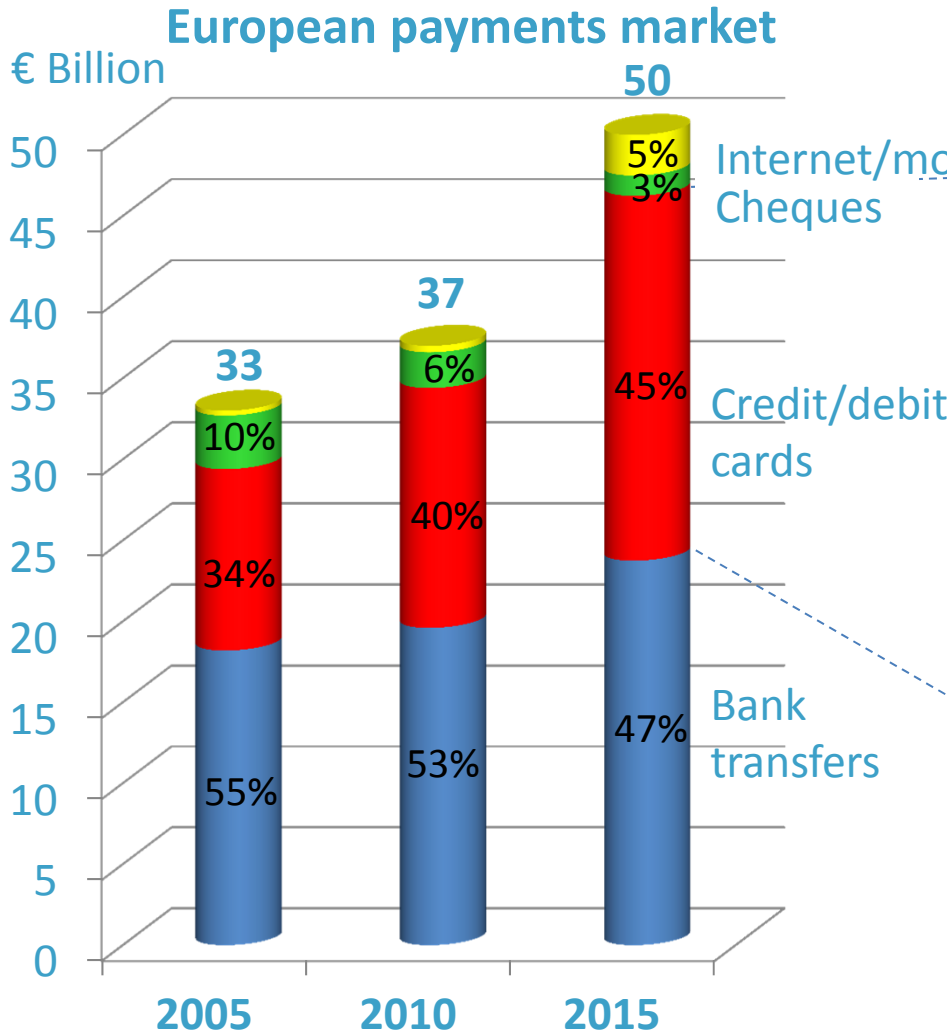
Click & collect



Parcel lockers

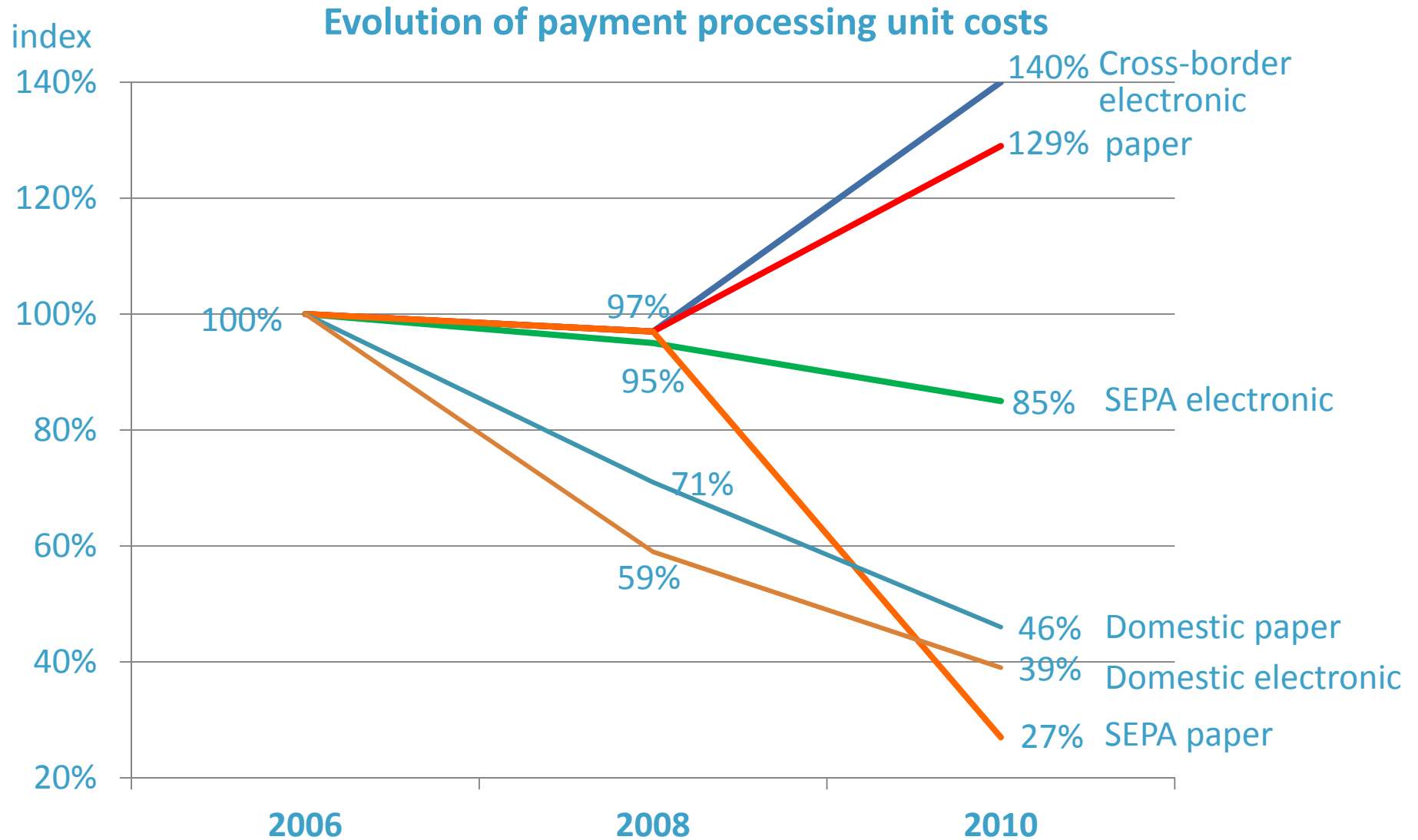


The European payments market is also highly concentrated



Source: AT&Kearney 2013, Nilson Report 2013

Cross-border payment transaction costs are surging significantly

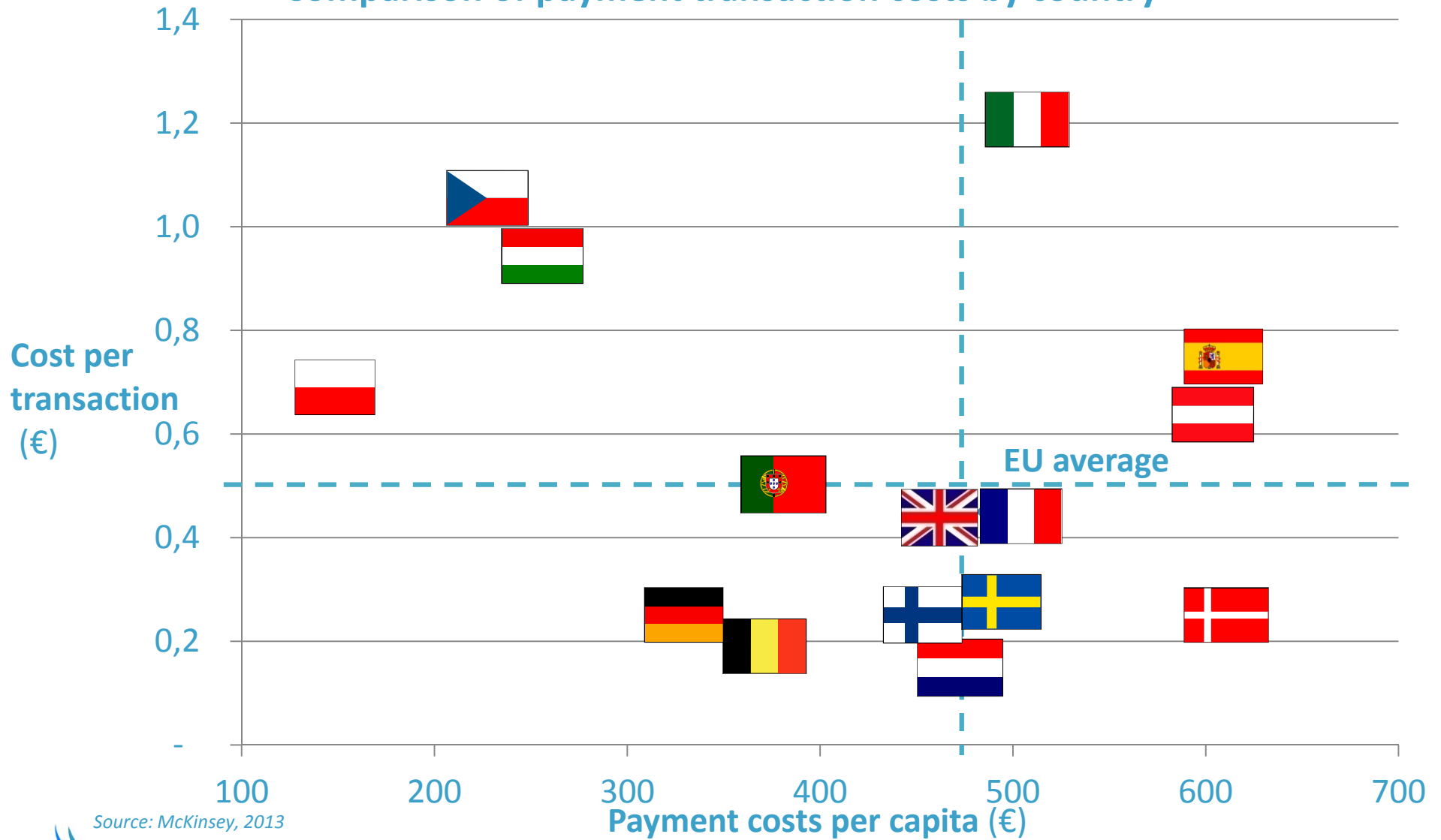


Source: AT Kearney, 2013
 Note: index: 2006 = 100%



Payment transaction costs vary widely by country

Comparison of payment transaction costs by country



Source: McKinsey, 2013



We favor harmonization of consumer legislation across the EU

Consumer Rights Directive



Standard withdrawal right:

- **Withdrawal period: 14 days**
- **Reimbursement** within further 14 days



Price transparency:

- **No pre-ticked boxes** for extra services
- **No payment / telephone surcharges**



Information requirements:

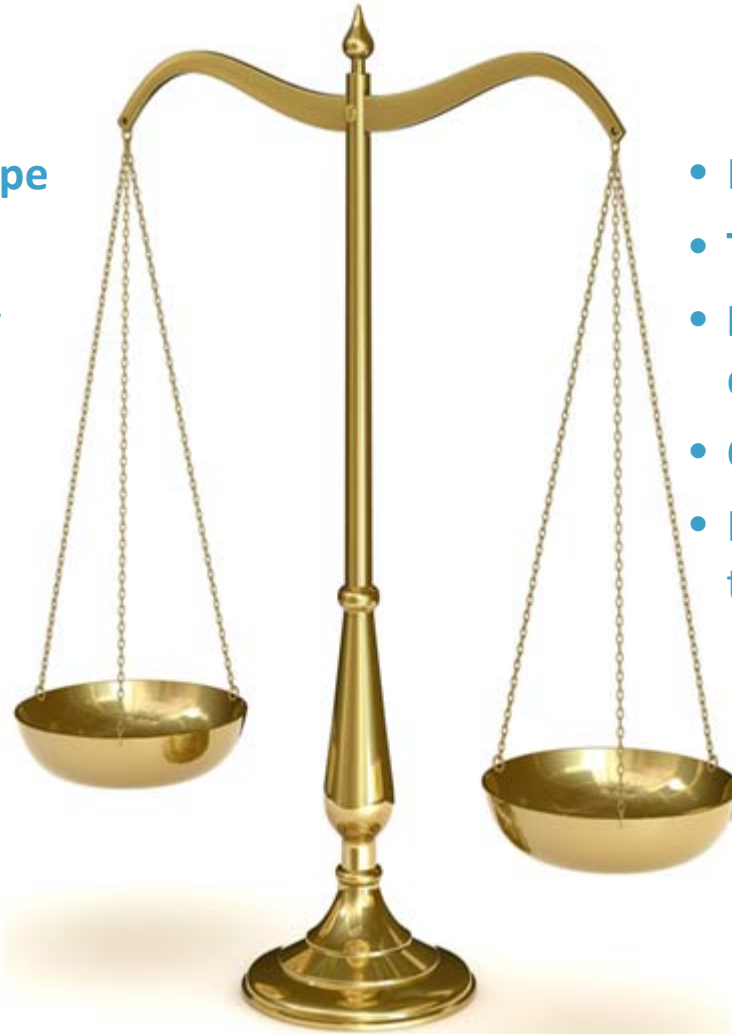
- Order button with **“obligation to pay”**
- Delivery/payment **restrictions** indicated **before order**

However, we need to balance interests and avoid excessive burdens

Data Protection Regulation

Benefits:

- Rules valid **throughout Europe**
- Elimination of **notifications**
- Single supervisory **authority** for companies



Issues:

- **Explicit consent**
- **Third-party access** to data
- **Information requirements /** data protection officers
- Constraints to **profiling**
- Right to be **forgotten/** to **data portability**

Tax rates need to be standardized to create a level playing field



- **Harmonize VAT rate structure across EU:**
 - Same VAT rates for similar goods/services
 - Same VAT rates for similar online / offline goods
 - Same VAT exemptions



- Accelerate implementation of **one-stop-shop** for VAT



- Avoid **tax arbitrage** by non-EU multinational companies
 - **Harmonize corporate income taxes**
 - Eliminate internal EU **tax havens**
 - Apply taxes on revenues generated in each country

EMOTA is developing a European trustmark for cross-border shopping

European harmonization of national trustmarks

The map displays various national trustmarks across Europe, including:

- TRYGG E-HANDEL (Denmark)
- REILUN PELIN JÄSEN (Finland)
- TRUSTED SHOPS GUARANTEE (Germany)
- INTERNET SHOPPING IS SAFE (UK)
- thuiswinkel waarborg (Netherlands)
- e-mærket (Denmark)
- e-Shops til Havs Bukser (Denmark)
- GEPRÜFT ONLINE-SHOP (Germany)
- bvh (Germany)
- be commerce GUARANTEED (Belgium)
- Charte Qualite fevad (France)
- GARANTIE (France)
- ecommerce quality Handelsverband (Austria)
- MAGYAR ÁRUKÜLDŐ EGYESÜLETE (Hungary)
- Magazin de Incredibile TRUSTED.RO (Romania)
- CONFIANȚA ONLINE (Romania)
- CONFIANZA ONLINE (Romania)
- FACILE CONVENIENTE SICURO SIGILLO NETCOMM (Italy)
- MEPAM (Greece)

emota logo and European Trustmark logo (a blue circle with a shopping cart and a hand cursor) are also shown.

- Harmonize codes of conduct
- Accredit national trustmarks
- Promote European trustmark

emota

EMOTA commits to drive international e-commerce growth in Europe

EMOTA Borderless Digital Commerce Commitment



Merchants



Consumers

- **Govern** and guide international e-commerce development
- **Inform** e-commerce industry with standard reporting
- Proactively **listen** and respond to needs of key stakeholders



Providers



Governments



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