European Commission

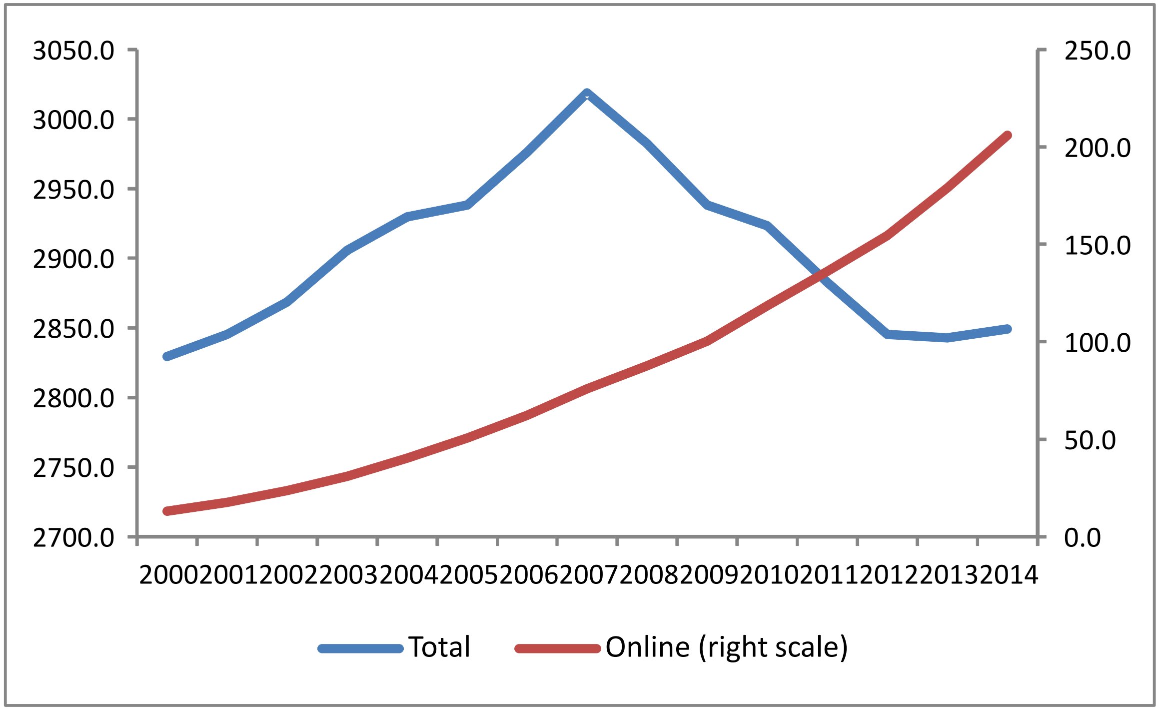
E-commerce Sector Inquiry

Key Findings of the Preliminary Report

Thomas Kramler
DG Competition
European Commission

e-Commerce

Evolution of total and online retail sales in goods in the EU, 2000 -2014 (EUR billion)



Source: Duch-Brown and Martens (2015)

Context: Digital Single Market Strategy

- Political priority of the Commission, adopted on 6 May 2015

- Aim: Better access for consumers and businesses to online goods and services across Europe - Remove unjustified barriers

- Actions:
  - Legislative actions → public or regulatory barriers
  - **Complemented by Sector Inquiry → private or company erected barriers**

Timeline

- Launched May 2015
- Questionnaires sent until Q2 2016
  - About 1 800 respondents
  - More than 8 000 distribution agreements
- SWD on geo-blocking published March 2016
- Preliminary Report published September 2016
- Final Report due 2017

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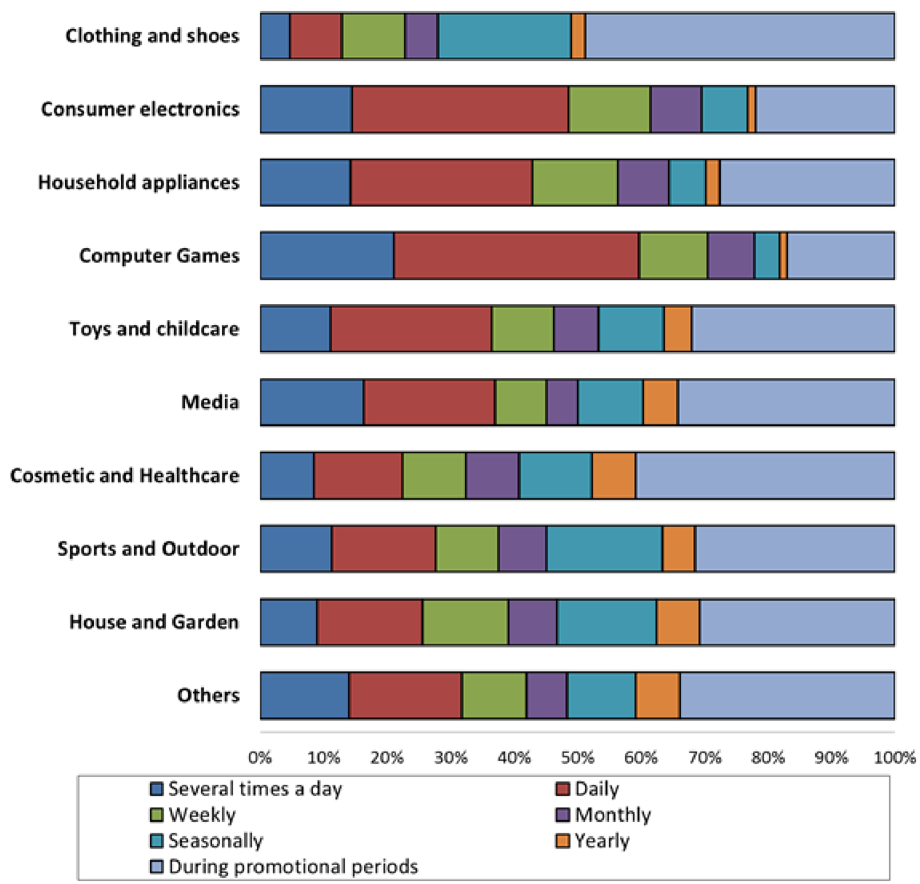
Consumer Goods

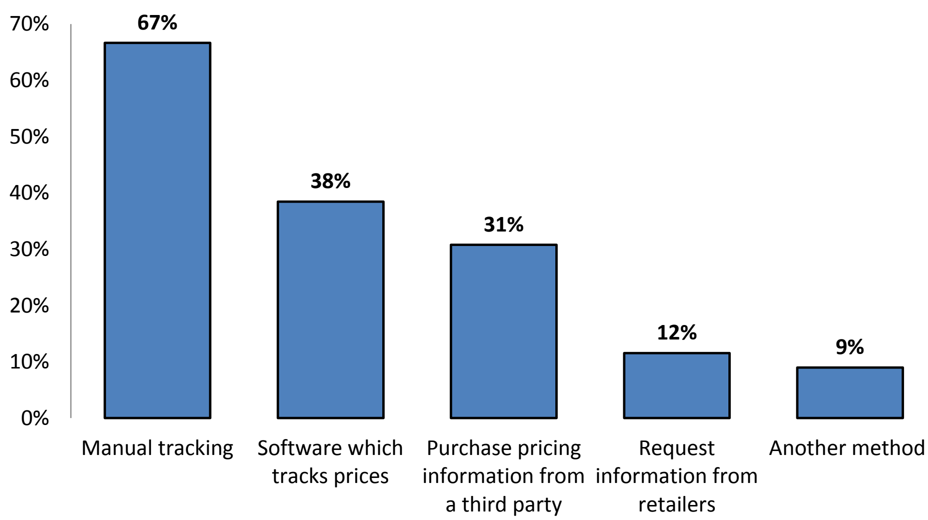
Price Transparency



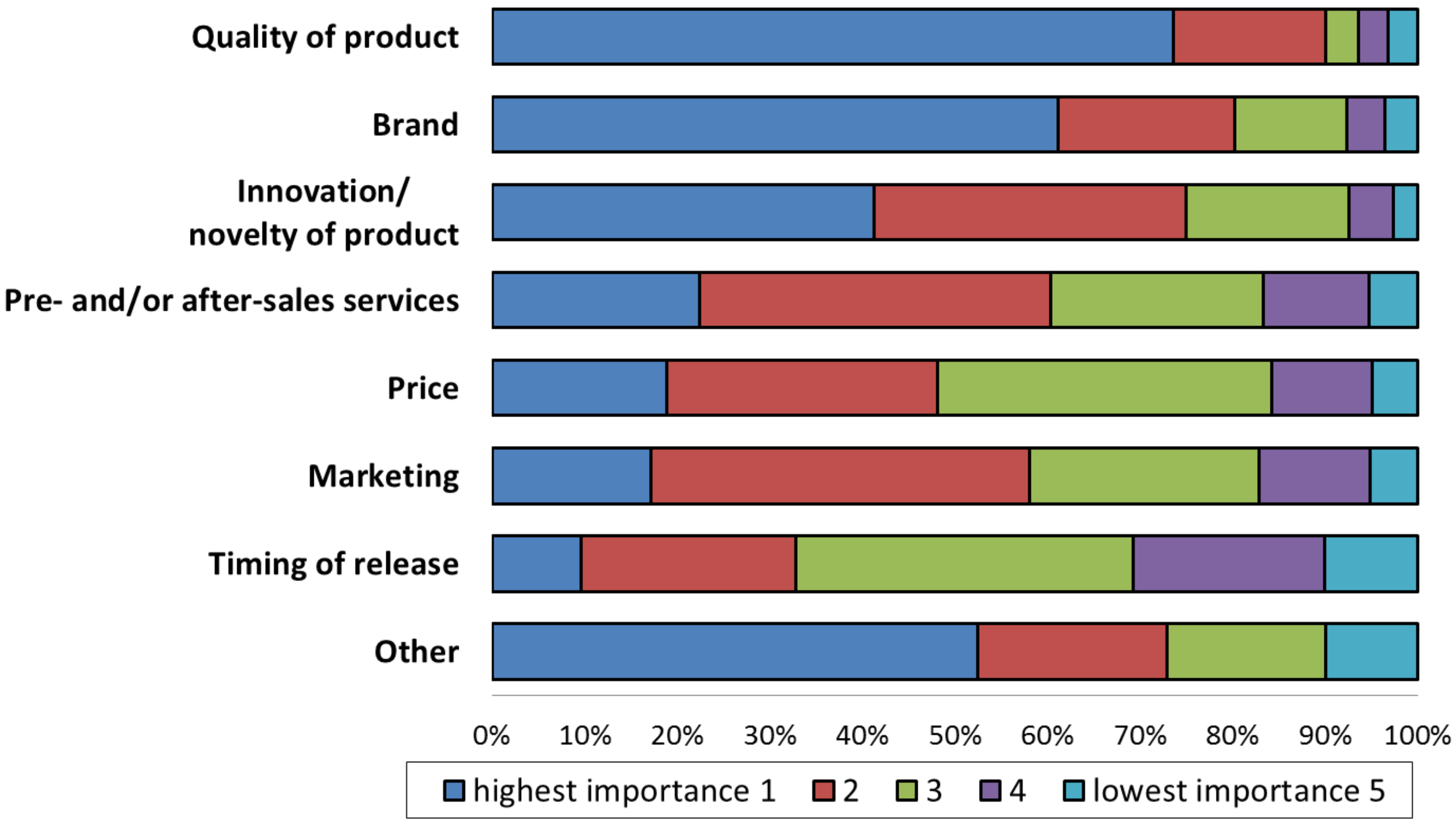
B. 19: **Frequency of modifying online prices based on the responses of retailers**

Online Prices: Increased Monitoring

- ~ 50% of retailers track online prices of competitors
  - ~ 70% of those use (also) software
  - some adjust their own prices automatically (no manual intervention)
- ~ 30% of manufacturers track systematically online retail prices of their products sold by independent distributors

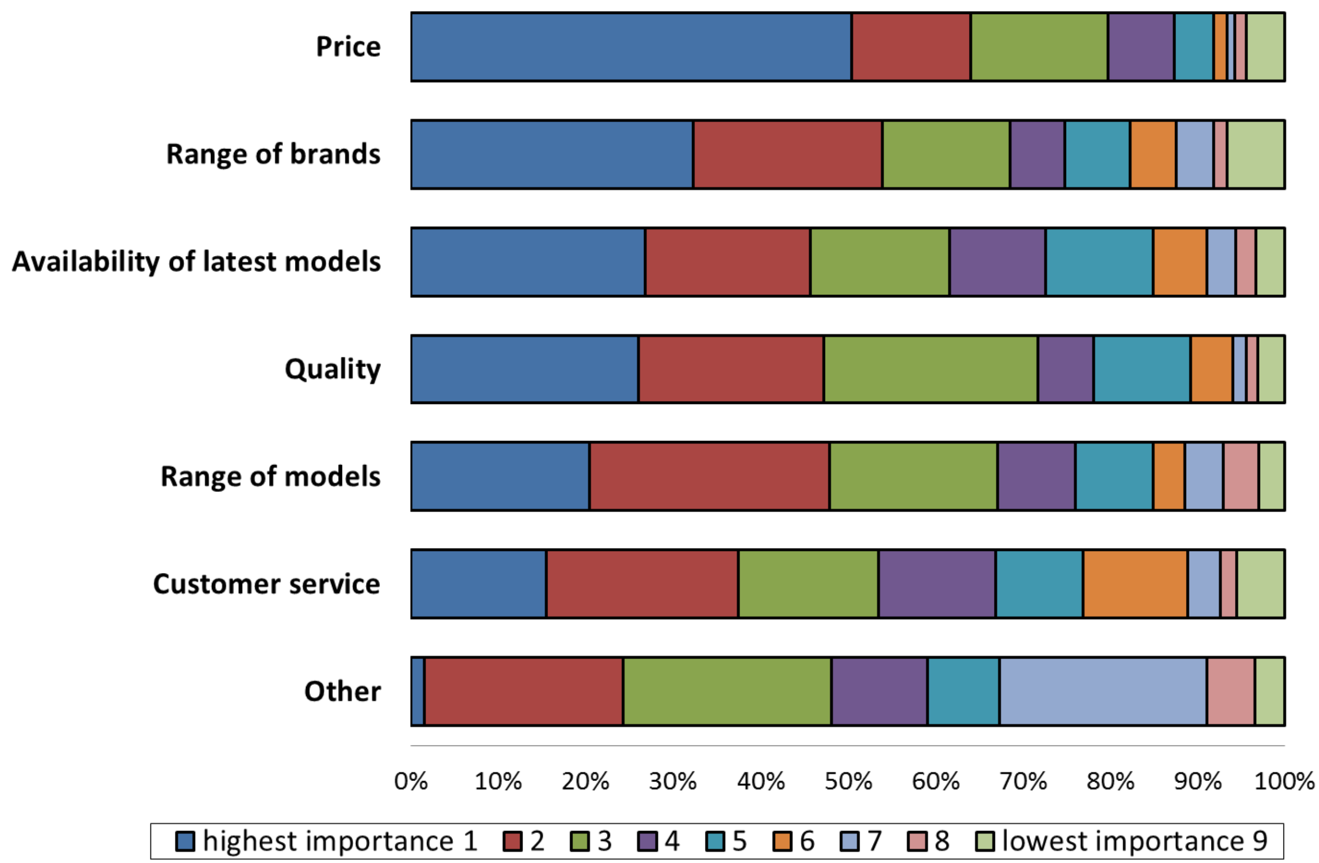


Manufacturers – Drivers



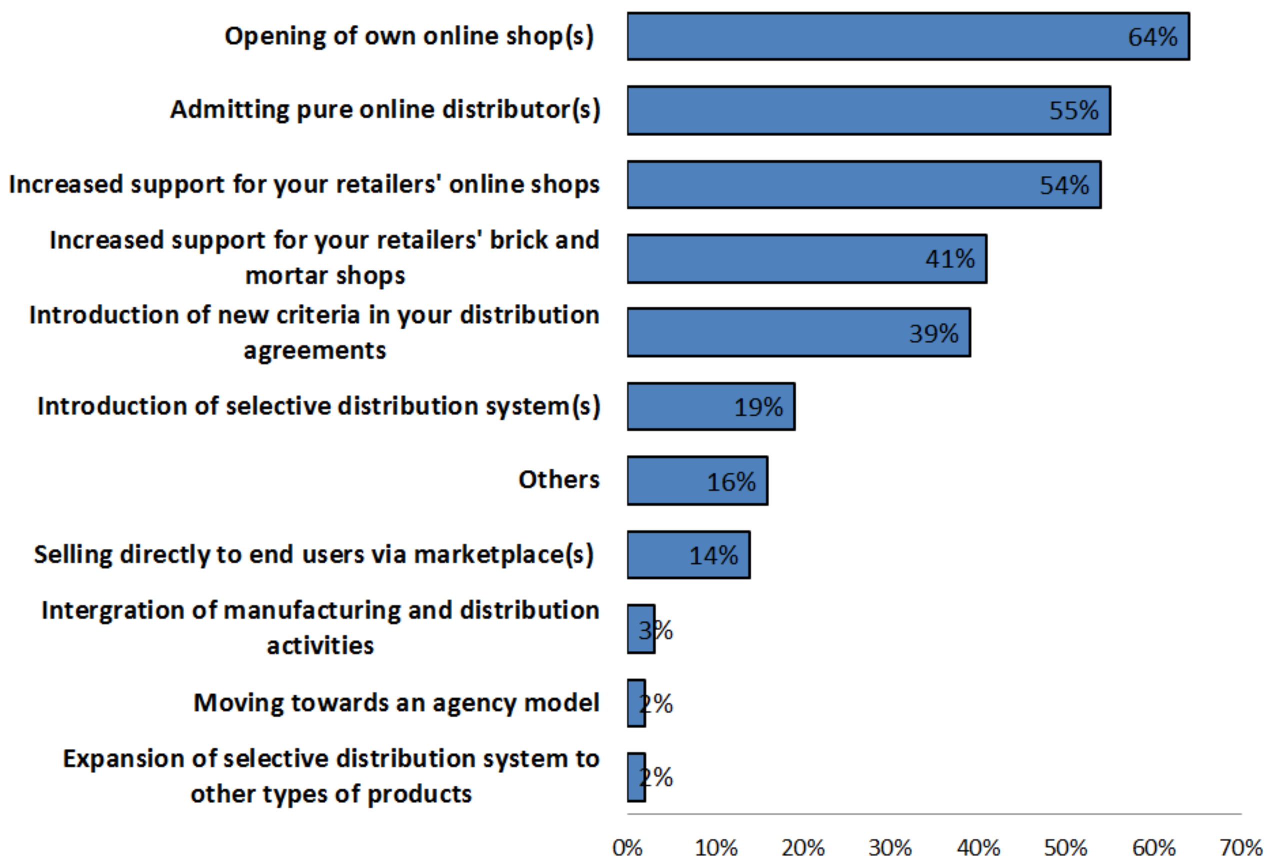
B. 13: Rating the parameters of competition by manufacturers

Pure Online Players – Drivers



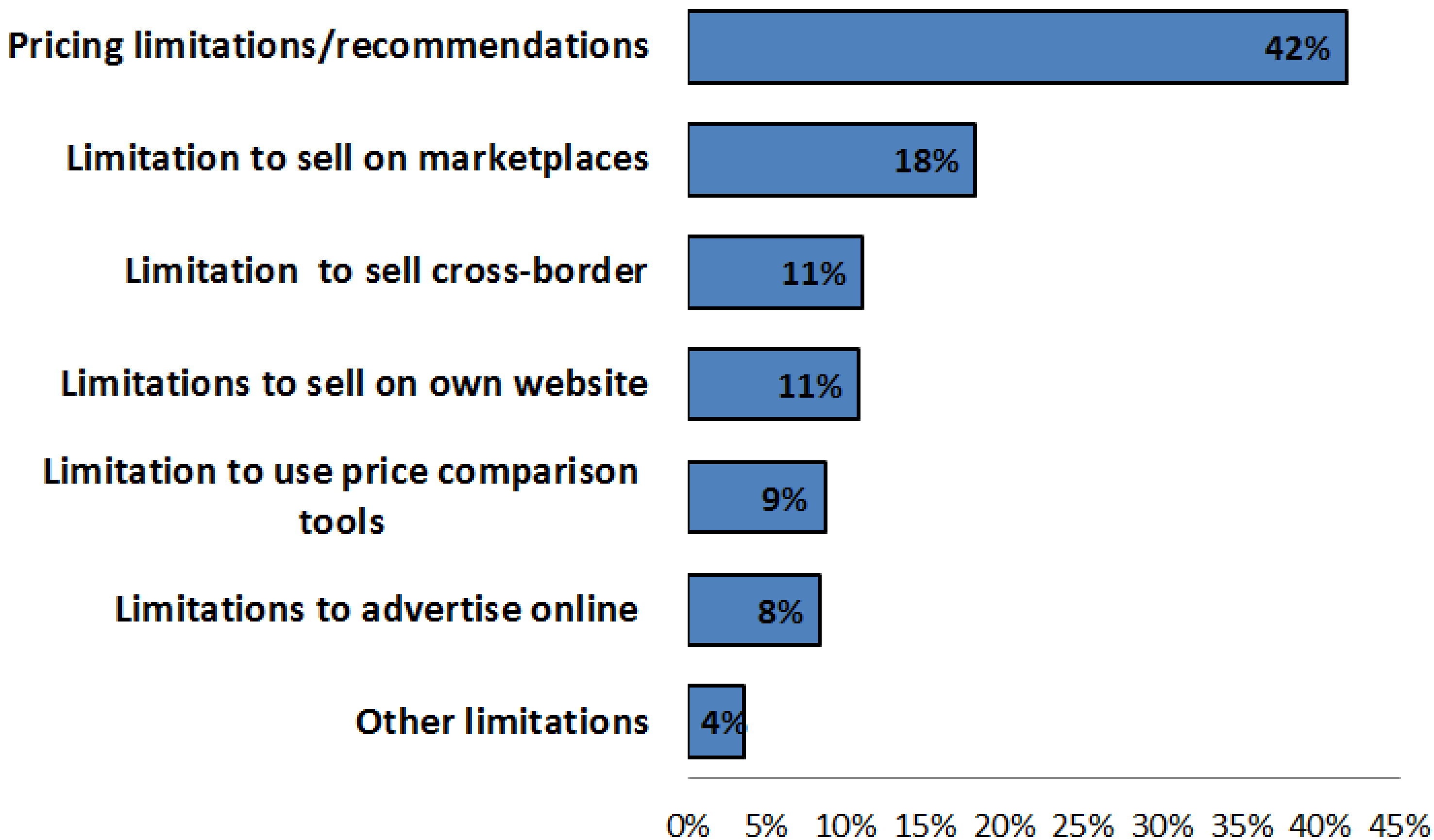
B. 15: Rating the parameters of competition by pure online players

Manufacturers' Strategies



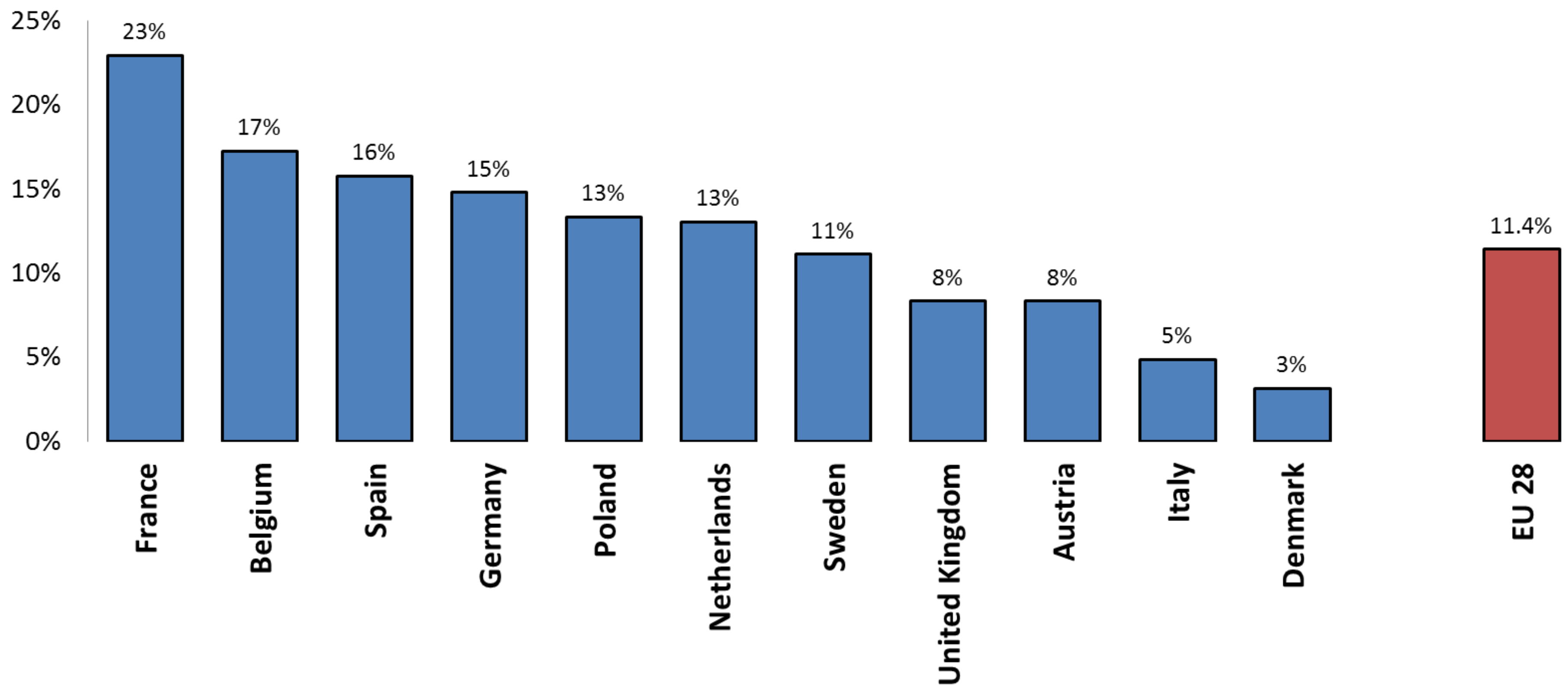
B. 20: Measures taken by manufacturers in the last 10 years to react to the growth of e-commerce

Contractual Restrictions



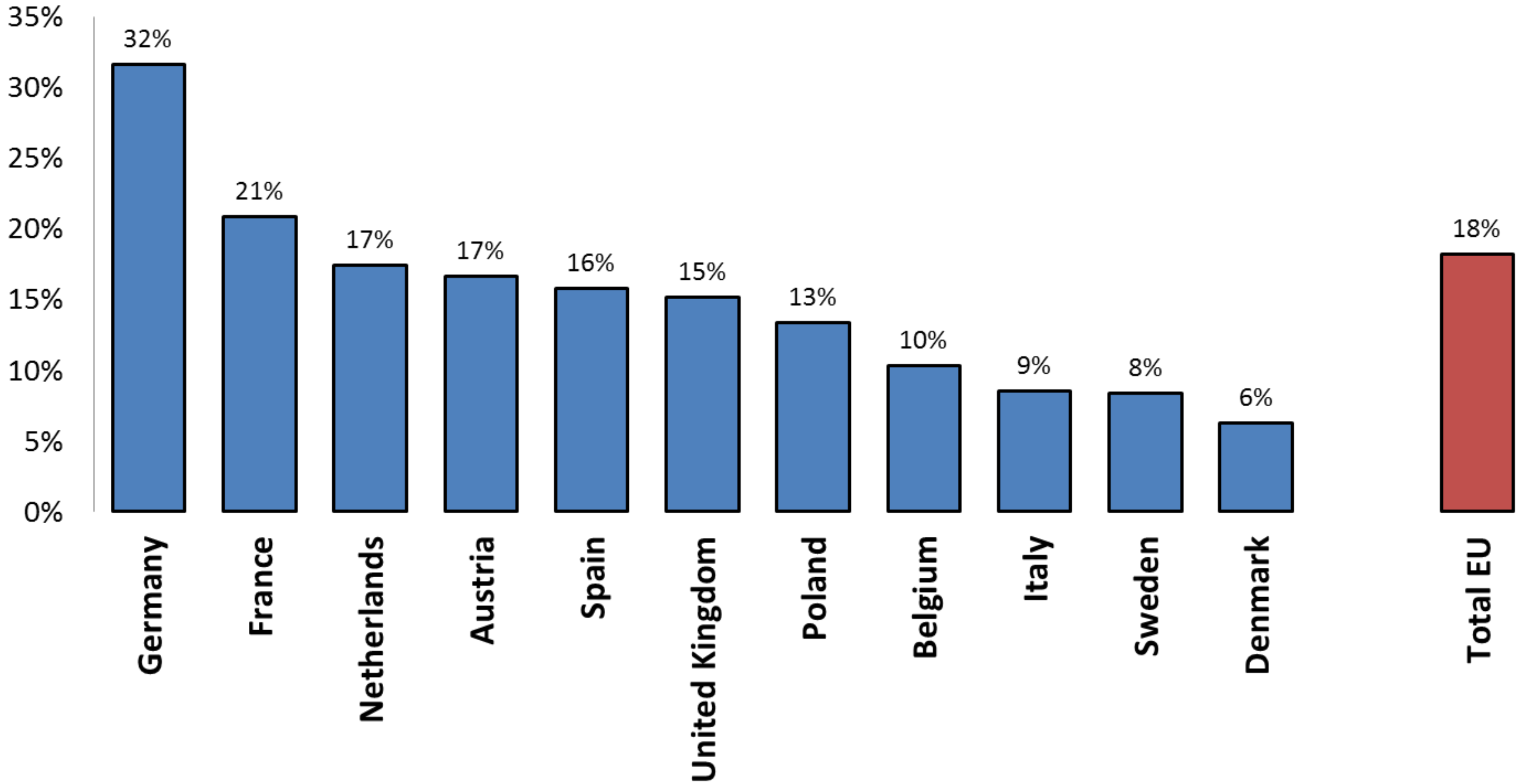
B. 36: Proportion of retailers having contractual restrictions, per type of restriction

Cross-Border Sales Restrictions



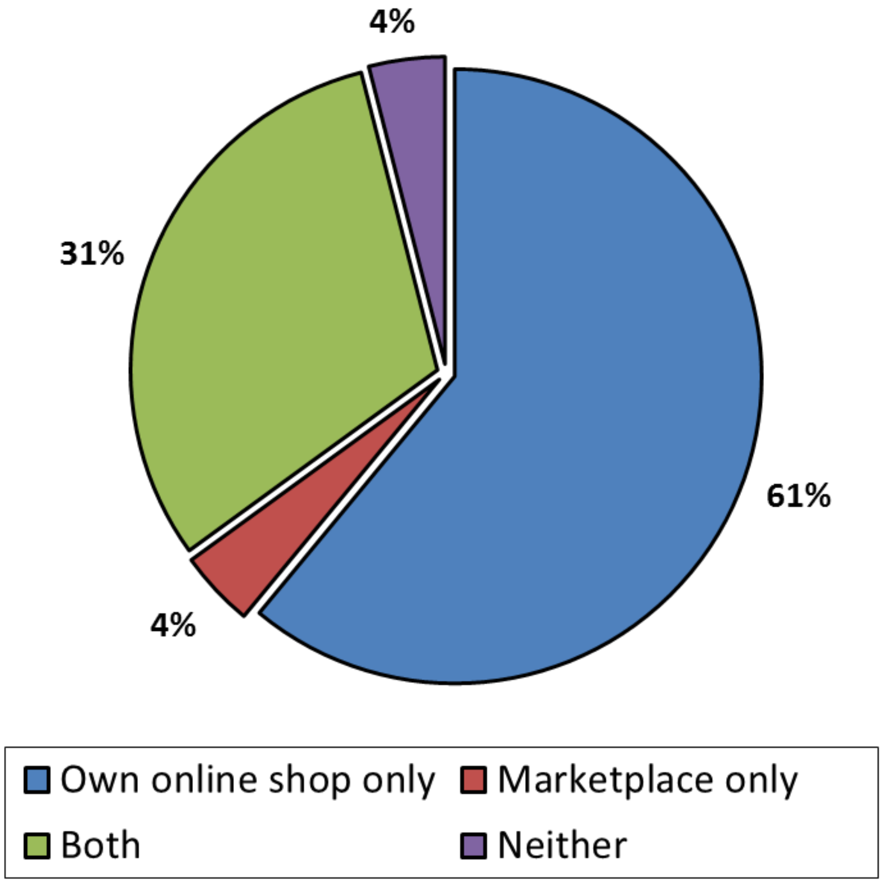
B. 53: Retailers that have contractual restrictions to sell cross-border in at least one product category, by Member State

Marketplace Sales Restrictions



B. 64: Proportion of retailers in each Member State that have agreements containing marketplace restrictions

Relevance of Marketplaces



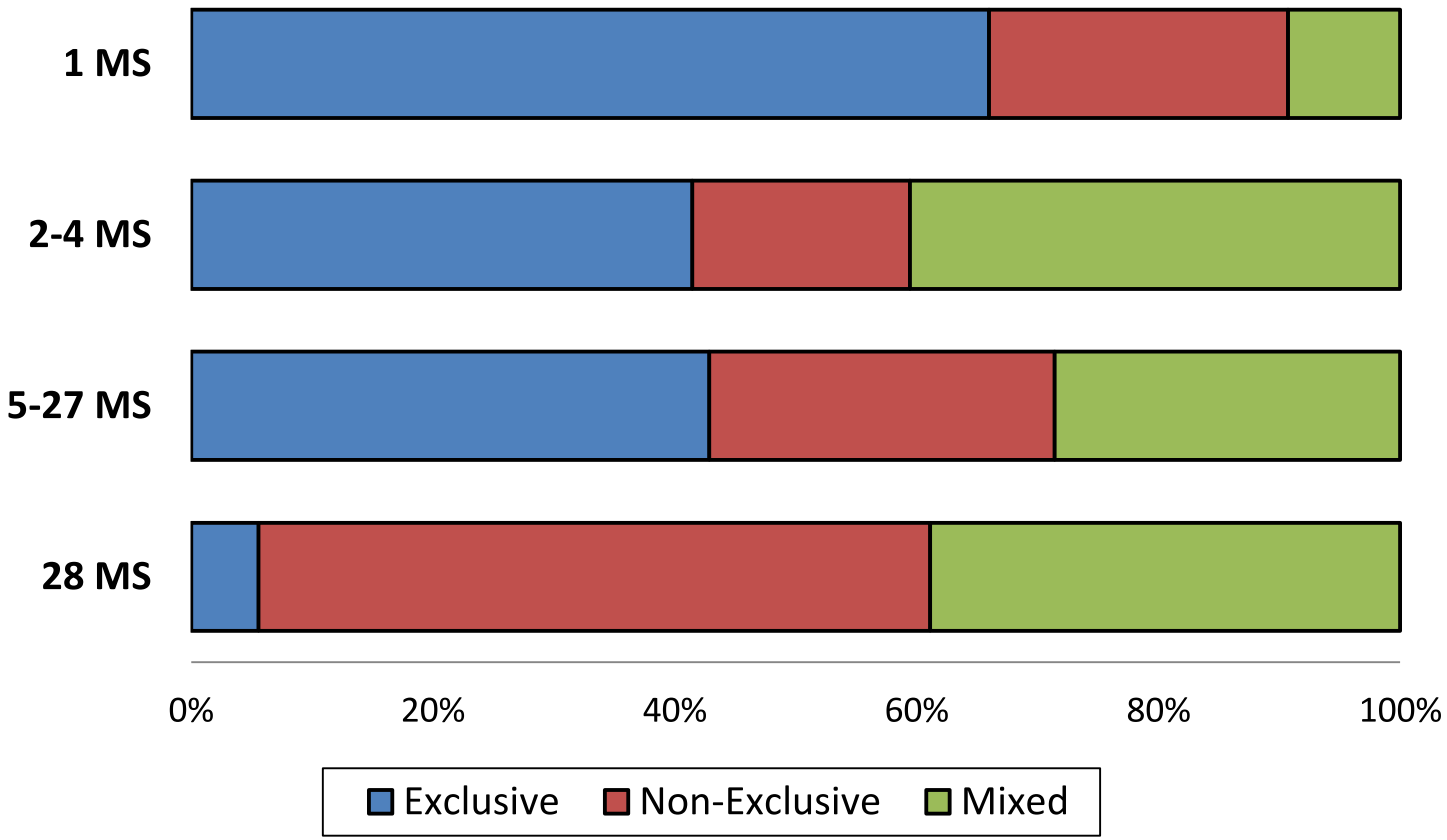
B. 55: Proportion of retailers using different sales channels for selling online

Key Findings – Consumer Goods

- More price transparency and price competition
- More selective distribution and vertical integration of manufacturers
- Vertical Restraints
  - Pricing restrictions
  - Territorial restrictions
  - Online sales restrictions

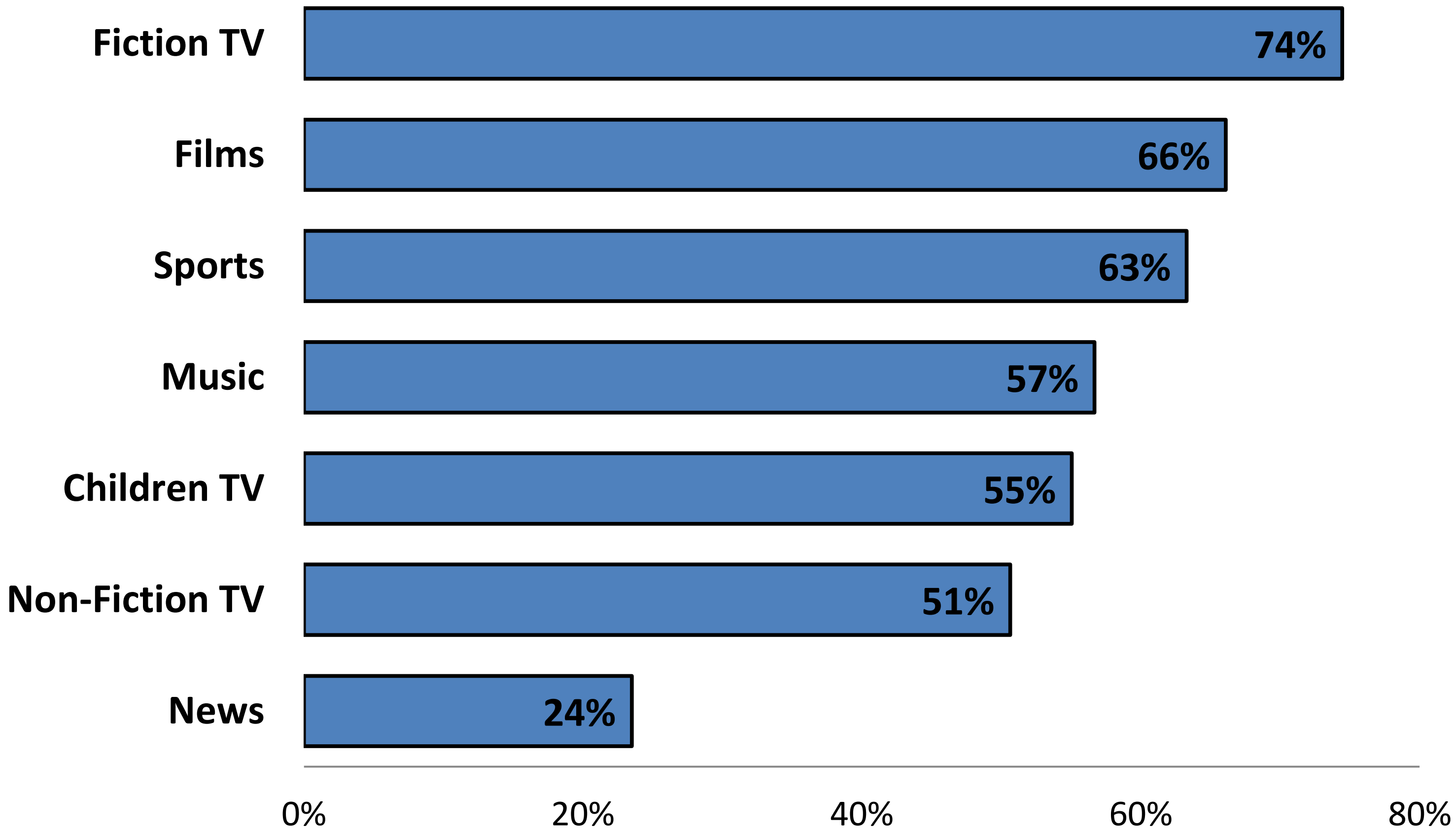
Digital Content

Exclusive Territorial Rights



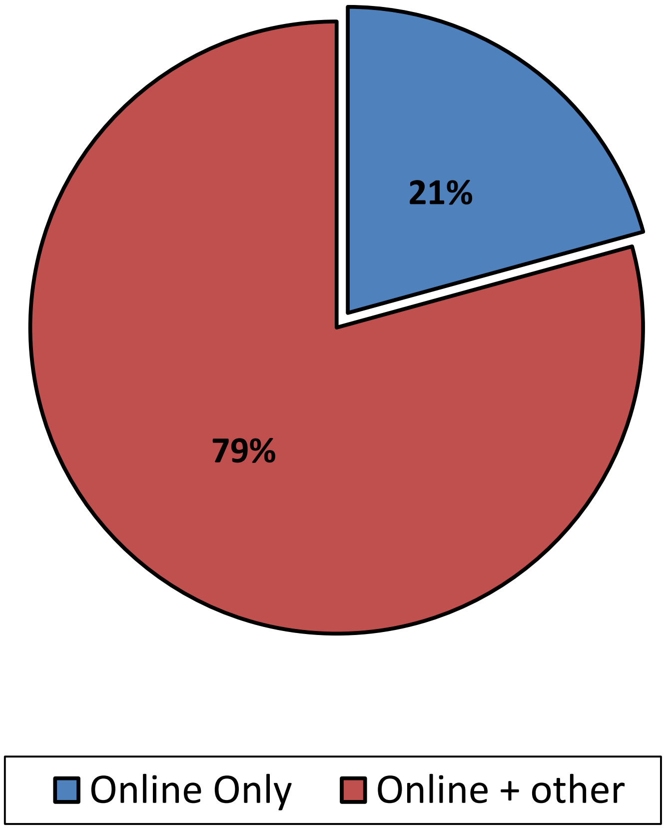
C. 35: Proportion of agreements including exclusive rights licensed for a certain territorial scope – All agreements submitted by right holders

Contractual Geo-Blocking



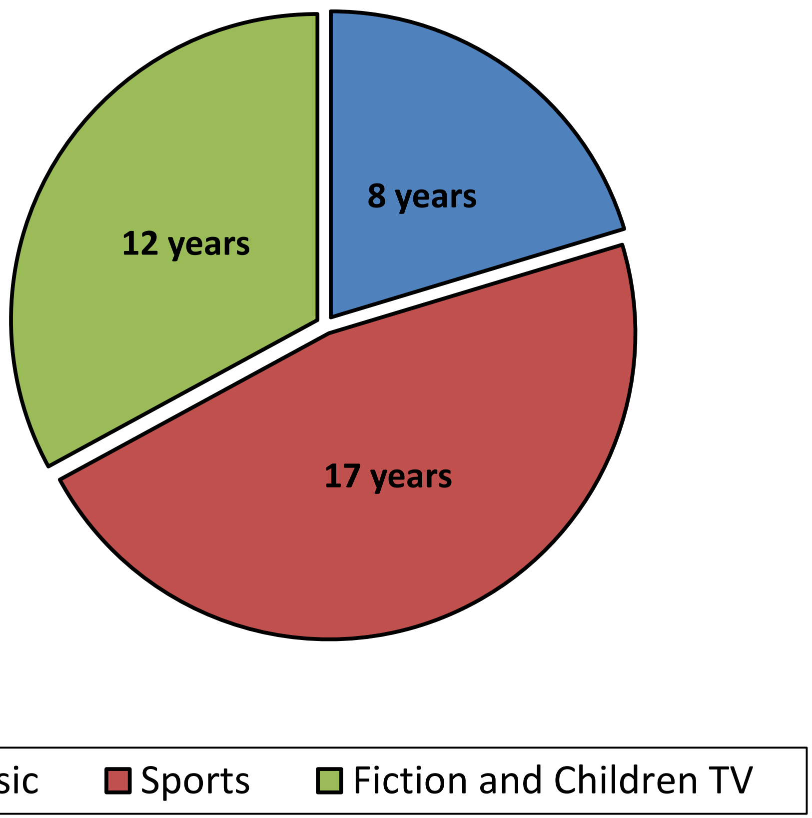
C. 42: Proportion of agreements requiring providers to geo-block by category – Average for all respondents – EU 28

Bundling Online Rights



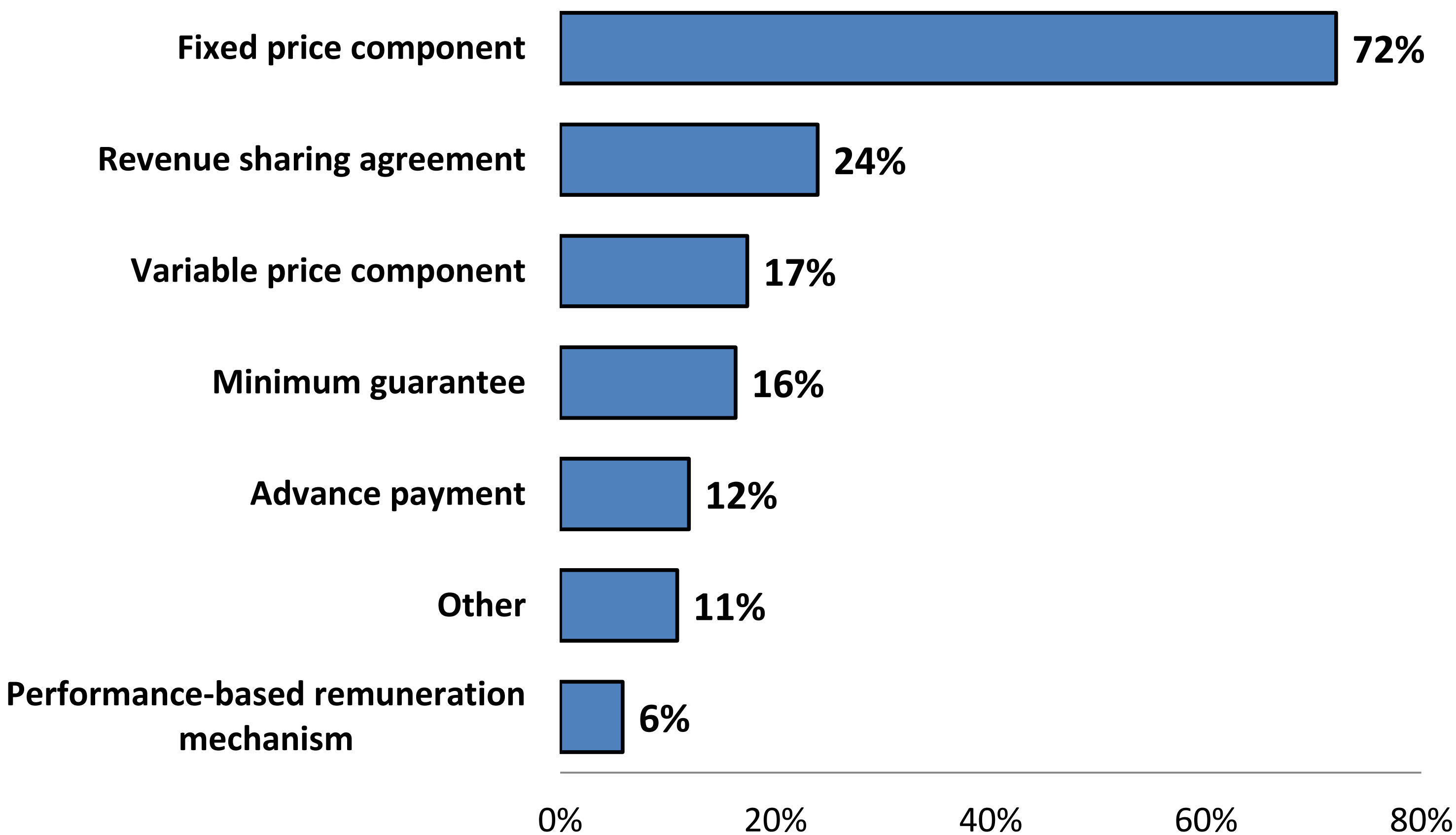
C. 27: Proportion of agreements that contain online rights together with other technologies – All agreements submitted by content providers

Duration of Contractual Relationships



C. 65: Average length of the contractual relationship - All agreements submitted by right holders - Per genre

Payments



C. 72: Proportion of agreements including each specific payment mechanism – All agreements submitted by right holders

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Key Findings – Digital Content

- Availability of licences for online distribution is key for competition
- Impact of current licensing practices on competition?
- Potential issues to be assessed case by case
    - Scope of agreements (bundling)
    - Duration of agreements
    - Geo-blocking