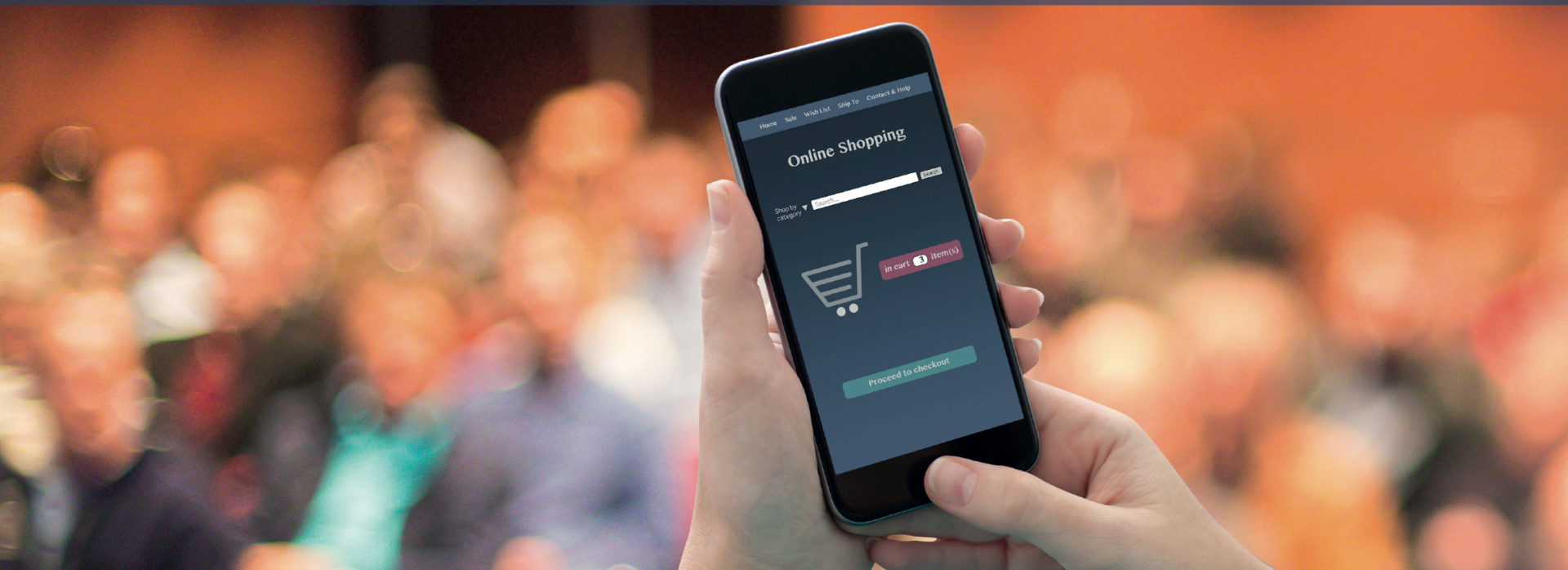


CROSS-BORDER E-COMMERCE BAROMETER 2016

Barriers to Growth - May 2016



Report commissioned by:



Executed by:



Introduction

Digital changes the way consumers shop and the way consumers wish to receive their purchases. Nearly all growth in retail comes from e-commerce. The e-commerce sector is booming. However, the full potential of the European e-commerce market has not yet been reached. Today 65% of European internet users shop online, but only 16% of SMEs sell online - and less than half of those sell online across borders (7.5%). As the voice of the e-commerce industry, Ecommerce Europe provides EU policy makers and companies with first-hand information and workable solutions for the obstacles online businesses still face when trying to sell goods and/or services in other EU Member States.

To this purpose, Ecommerce Europe launched the “Cross-border E-commerce Barometer” amongst its European-wide membership base in Q1 2016. The barometer is a measurement of the barriers online merchants still face when trying to expand their business cross-border. The Cross-border E-commerce Barometer 2016 has taken the findings of the survey Ecommerce Europe conducted in 2015 and goes even more into detail by performing an in-depth research on the main barriers to cross-border e-commerce discovered last year: Legal fragmentation, taxation (VAT) and logistics/distribution. We will conduct the barometer study each year to measure progress in removing barriers to cross-border e-commerce. In this way we can provide the EU policy makers with detailed facts & figures about issues which - according to online merchants - still require immediate solutions. Additionally, we dedicated a part of the survey on questions to analyze merchants’ attitudes towards the increasing globalization of e-commerce.

Ecommerce Europe wants to work together with all European stakeholders to rapidly remove the remaining barriers in cross-border e-commerce. We recommend policy makers to support market initiatives, to abolish superfluous regulation and to only consider new regulatory structures if absolutely necessary. Any new legislative initiative should always be evidence-based, especially in the context of the ongoing discussions on the role of online platforms and geo-blocking. Fundamental business freedoms - especially the freedom to provide goods and services throughout the European Union - should also apply in the digital world. We have to make sure that we do not make things more complex for the online sector and we are convinced that this report will be a useful tool in identifying exact problems as well as measuring progress in the e-commerce market following from policy initiatives taken at EU level.

To read more about our recommendations for market and policy action for all stakeholders in the e-commerce industry, I kindly refer you to the Ecommerce Europe Priority Paper (2016) and our other positions. If you would like to receive additional information, purchase reports or if you want to become involved, please visit us at www.ecommerce-europe.eu or send us an e-mail at info@ecommerce-europe.eu.



Marlene ten Ham
Secretary General of Ecommerce Europe



About Ecommerce Europe

Ecommerce Europe is the association representing 25,000+ companies selling goods and/or services online to consumers in Europe. Founded by leading national e-commerce associations, Ecommerce Europe is the voice of the e-commerce sector in Europe. Its mission is to stimulate cross-border e-commerce through lobbying for better or desired policy, by offering a European platform for European e-commerce sector and other stakeholders, and by providing in-depth research data about European markets. Moreover, Ecommerce Europe provides more than 10,000 certified online companies across Europe with a European Trustmark label, with the aim of increasing consumers' trust in cross-border purchases.

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National associations that are members of Ecommerce Europe

Belgium	Becommerce	www.becommerce.be
Czech Republic	APEK	www.apek.cz
Denmark	FDIH	www.fdi.dk
Finland	Finnish Commerce Federation	www.kauppa.fi
Finland	Internet Industry Finland	www.verkkoteollisuus.fi
France	FEVAD	www.fevad.com
Germany	Händlerbund e.V.	www.haendlerbund.de
Greece	GRECA	www.greekecommerce.gr
Ireland	Retail Excellence Ireland	www.retailexcellence.ie
Hungary	SzEK.org	www.szek.org
Italy	Consorzio Netcomm	www.consorzionetcomm.it
Luxembourg	eCOM.lu	www.ecom.lu
The Netherlands	Thuiswinkel.org	www.thuiswinkel.org
Norway	Virke e-Handel	www.virkehandel.no
Poland	e-Commerce Polska	www.ecommercepolska.pl
Portugal	ACEPI	www.acepi.pt
Spain	Adigital	www.adigital.org
Switzerland	NetComm Suisse	www.netcommsuisse.ch

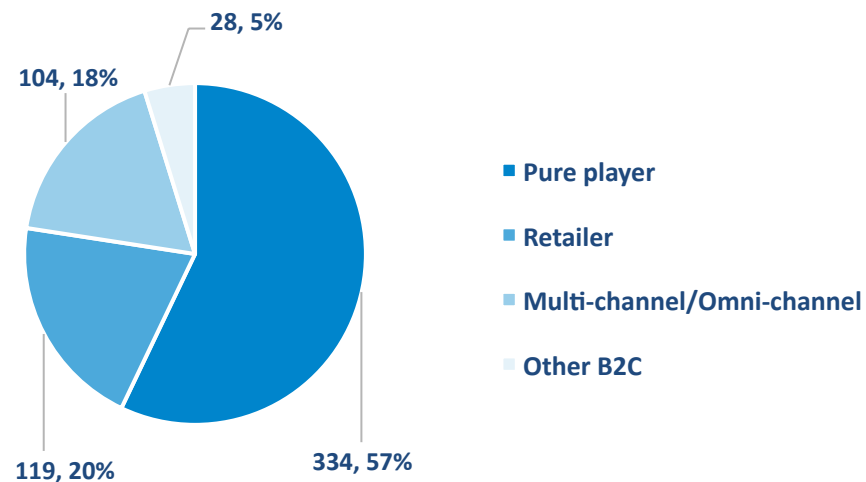
1. Respondents' company profiles

In total, Ecommerce Europe received 585 responses from online merchants with a presence in many different European countries. E-commerce business models come in different shapes and forms, and this is visible in the respondent categories. Specifically, companies that filled in our survey are divided as it follows:

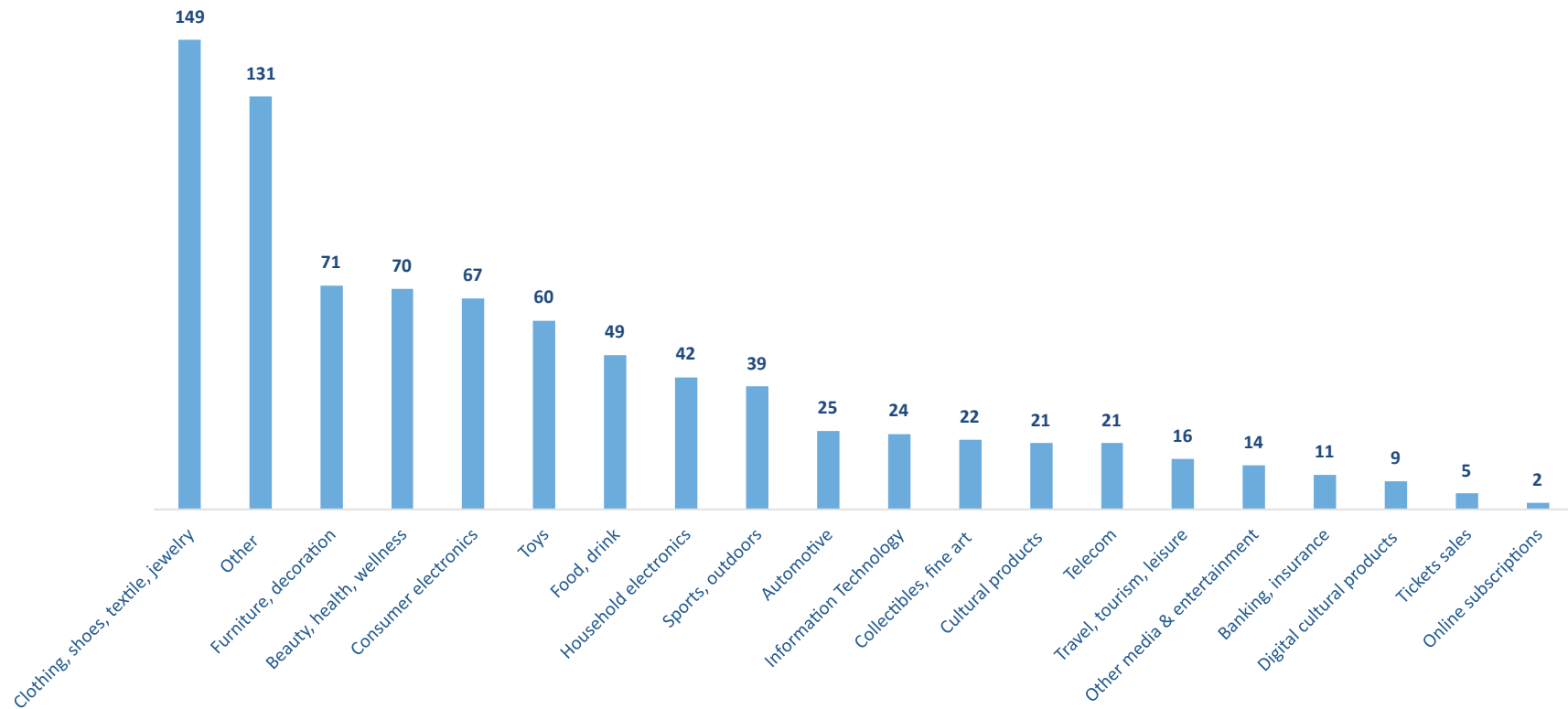
1. 57% (334) of the companies are pure players: Companies for distance selling which link more than 80% of their activities to online commerce. Small and medium sized companies (SMEs) are dominant in this category;
2. 20% (119) are retailers: Companies which developed one or more online shopping websites but whose main sales channel remains in-store;
3. 18% (104) consists of multi-channel/omni-channel: Companies which use a variety of channels in a customer's shopping experience, i.e. both online and offline;
4. 5% (28) consist of other B2C companies not belonging to the previous categories.

The diversity of the e-commerce market is also visible in the wide variety of main activity (products and/or services sold) as well as the sizes and shipping volumes of the participating companies. The e-commerce sector is heterogeneous and constantly in development, and it is clear a one-size-fits-all model does not suffice when determining policy or market solutions for removing barriers when going cross-border. Any new initiatives should be evidence-based and should take the differences between the problems and companies addressed into account.

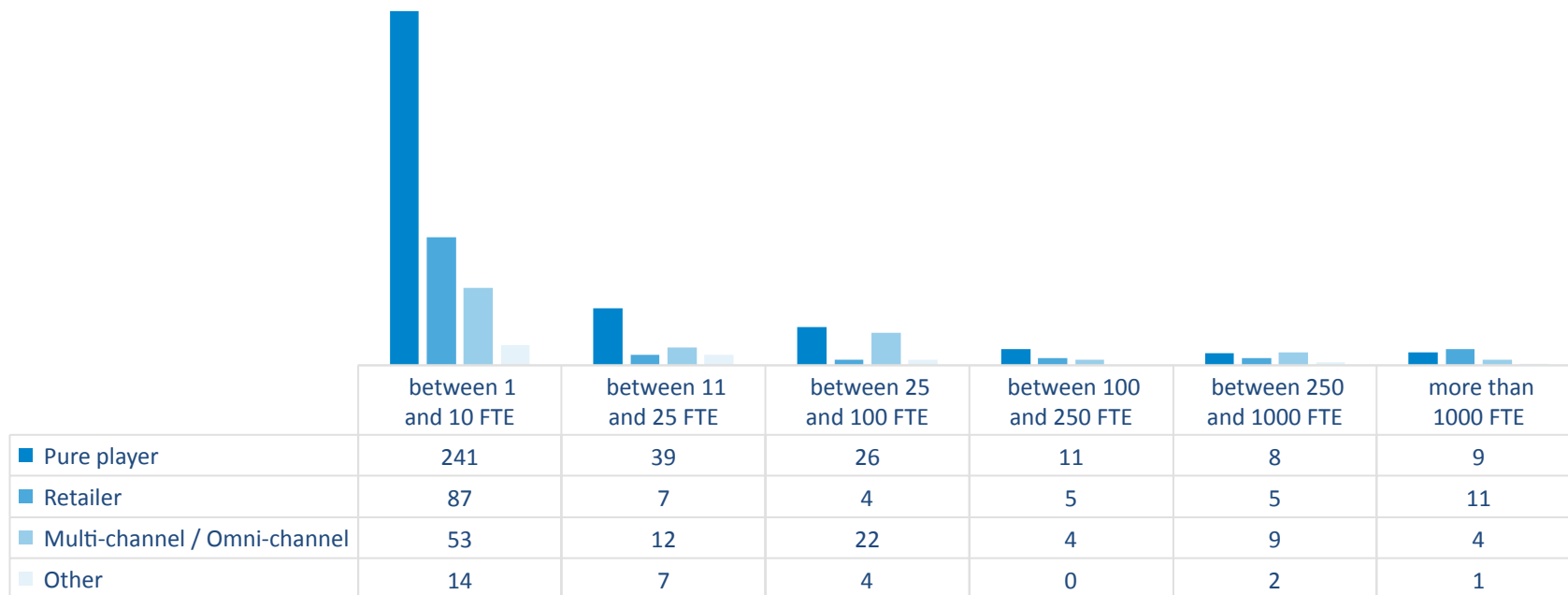
Type of company



Main activity of the company

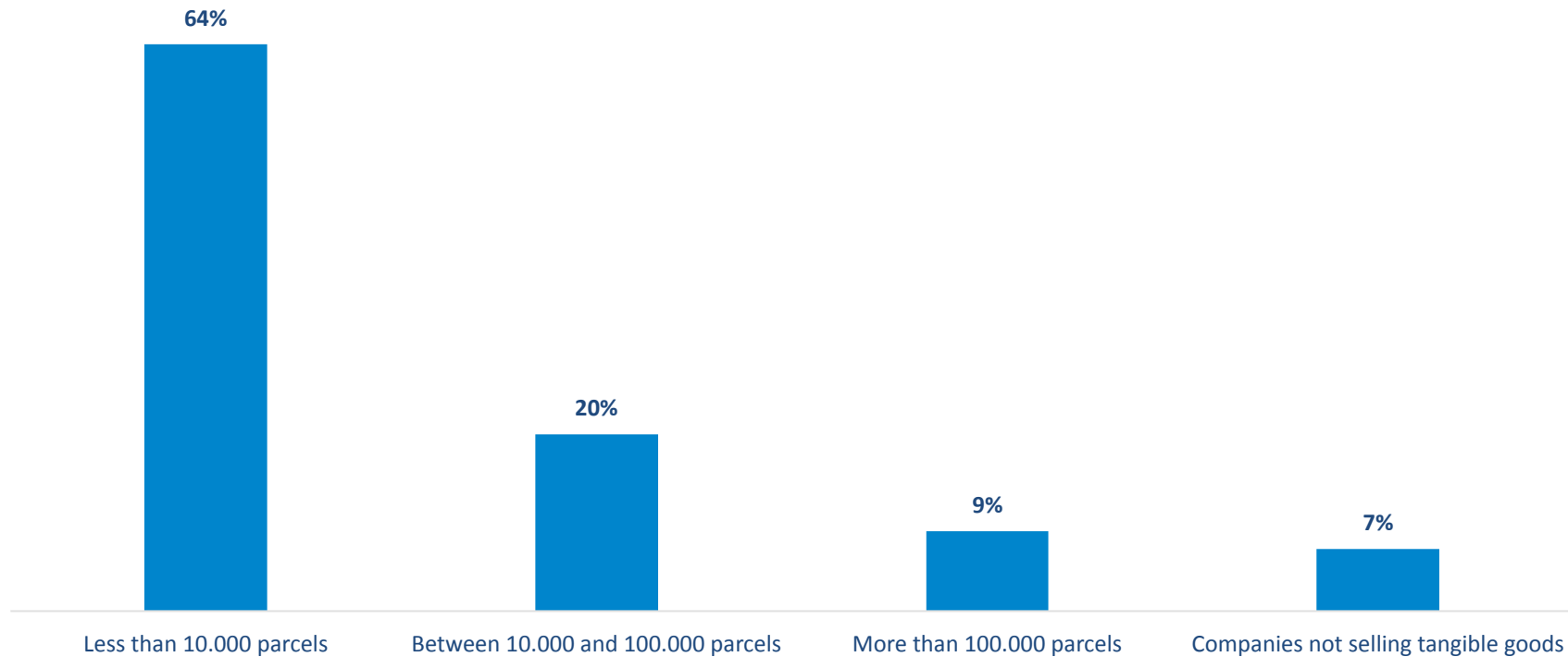


Size of the companies in Full Time Equivalent (by type of company)



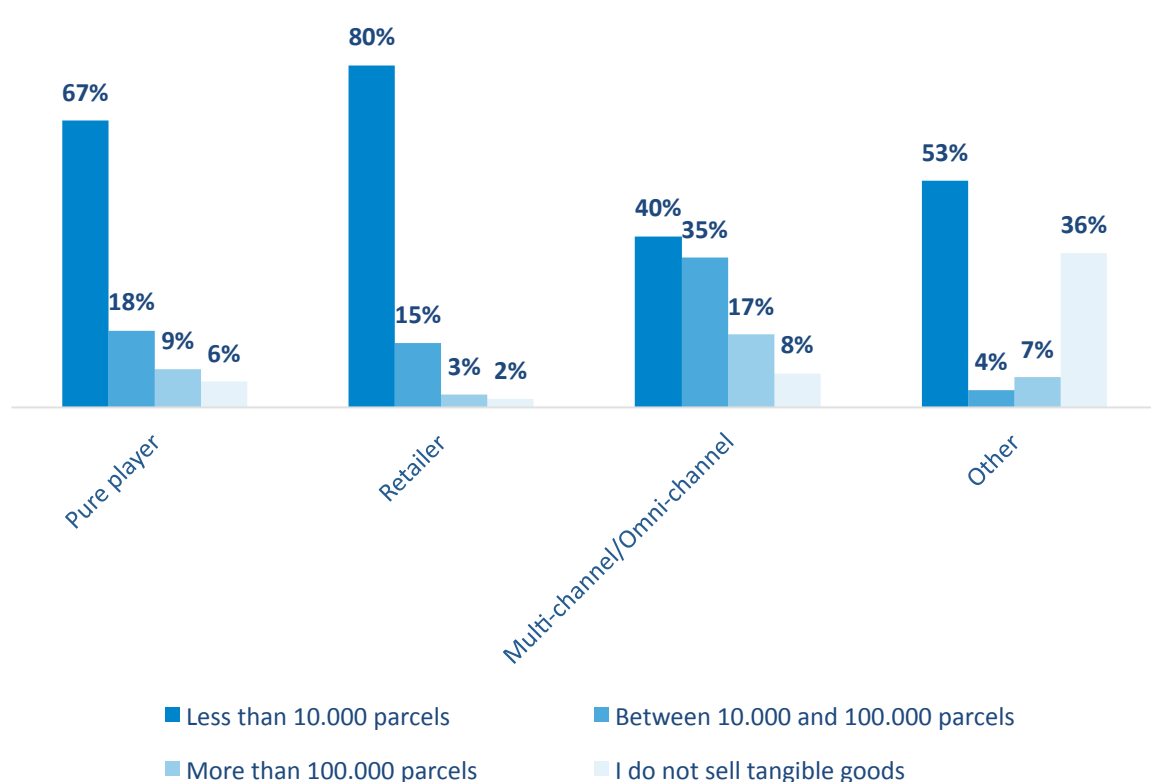
Amount of parcels shipped annually

*509 responses



Parcels shipped annually by type of company

*509 answers



Shipping 10,000 parcels a year averages to shipping a bit less than 27 parcels a day. Each parcel can contain different items but ultimately has its own destination, so for each parcel the merchant has to consider the packaging, labeling, and transportation method/route.

Understandably, **logistics and distribution are therefore a major part of the business model for each merchant selling tangible goods.**

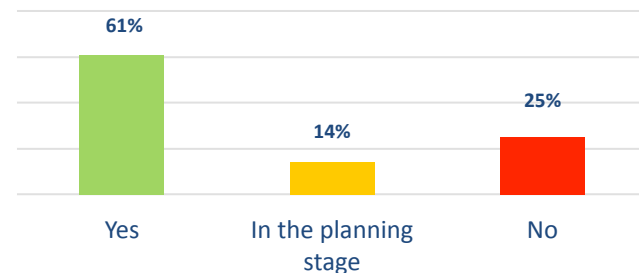
It is notable that whereas pure players tend to be smaller companies in terms of FTE (see before), **retailers generally ship smaller amounts of parcels.** This can be explained by the fact that retailers' main channel of sales is still in-store, where the consumer takes the goods with them immediately after the transaction. Multi-channel/omni-channel companies responded the most in the biggest category of shipments, which correlates with the general size of companies with this type of business model.

1.1. Number of companies selling cross-border

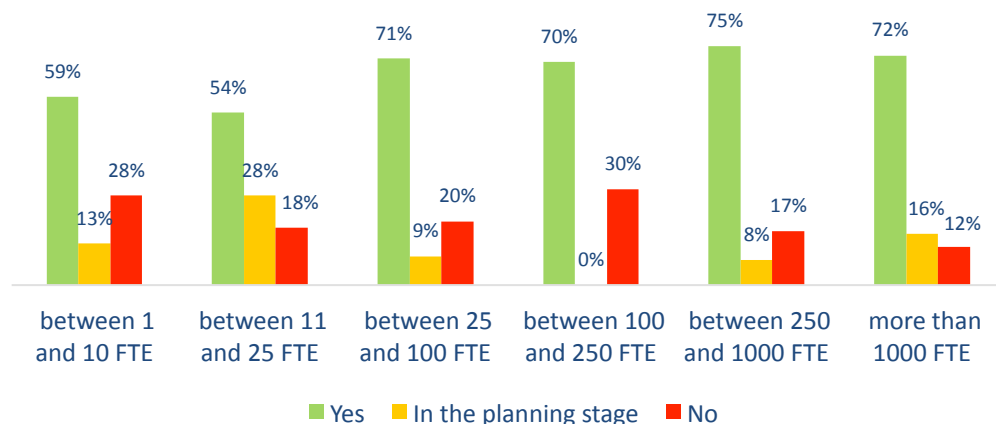
The results show that **61% of the total respondents are already selling goods and/or services cross-border**. Multi-channel/omni-channel companies tend to sell more cross-border than other type of companies with a 68%, followed by 64% which are pure players and 50% which are retailers.

14% of the total respondents are in the planning stage of selling cross-border, while **25% of companies do not sell abroad at all**. Comparing this data to the dimensions of the companies (in FTE), the majority of those companies selling cross-border consist of bigger ones.

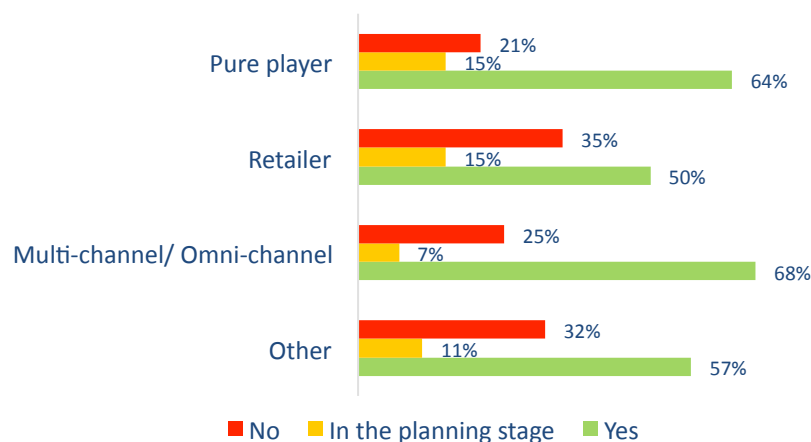
Companies selling cross-border



Companies selling (or not) cross-border by Full Time Equivalent



Companies selling cross-border by type of company



1.2. Preferred strategies to expand business cross-border

The results clearly show that **the preferred strategy of companies to develop at the international level consists of selling to consumers abroad directly from the company's country of origin.**

The strategies of selling through a branch locally implanted abroad or through a presence on the marketplaces established abroad are significantly less popular amongst the respondents.

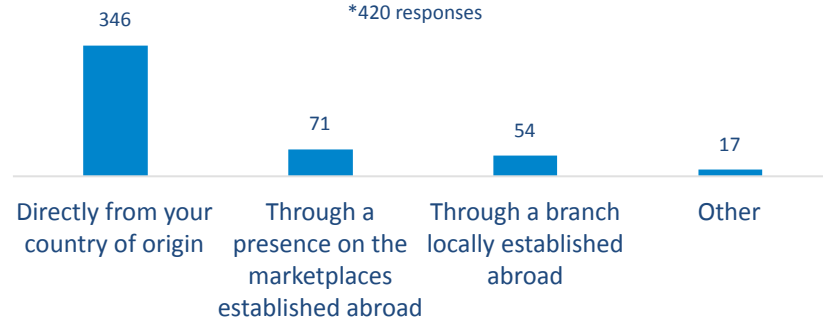
The same trend can be found if we analyze the strategy to develop abroad on the basis of the type of company: The majority of pure players, retailers and multi/omni-channel companies clearly sell cross-border directly from their country of origin, as indicated in the graph aside.

The fact that online merchants feel more comfortable to develop at an international level directly from their country of origin underlines the need to complete the Digital Single Market for e-commerce as soon as possible. Even with the rise of global marketplaces, cross-border sales directly from the country of origin of the merchant remain a significant portion of companies' internationalization strategies.

Note: some companies have selected more than one strategy for selling cross-border. This explains why the total % of responses to this question is higher than 100%.

Strategy to develop at an international level

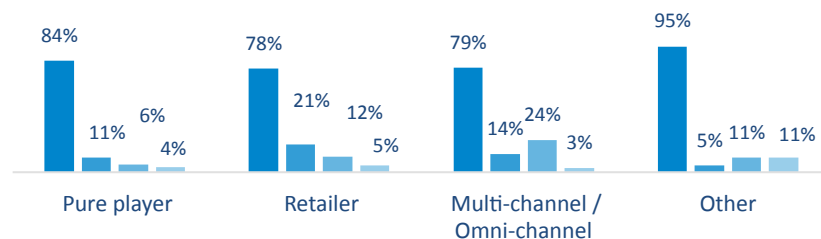
*420 responses



Strategy to develop at an international level by

type of company

*420 responses



- Directly from your country of origin
- Through a presence on the market places established abroad
- Through a branch locally established abroad
- Other

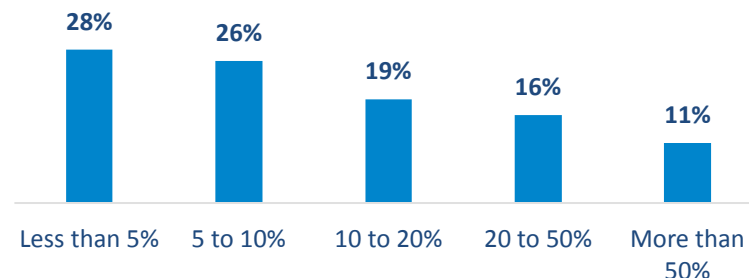
1.3. Amount of turnover realized abroad

The graph aside shows the percentage of total turnover made cross-border by the respondents. **28% of companies selling abroad realize less than 5% of their turnover abroad.** Only 11% of the companies that answered this question realize more than 50% of their annual turnover cross-border.

The graph below shows the same data by type of company and it is interesting to note that **almost half of the retailers (46%) that answered to this question realize less than 5% of their total turnover abroad.**

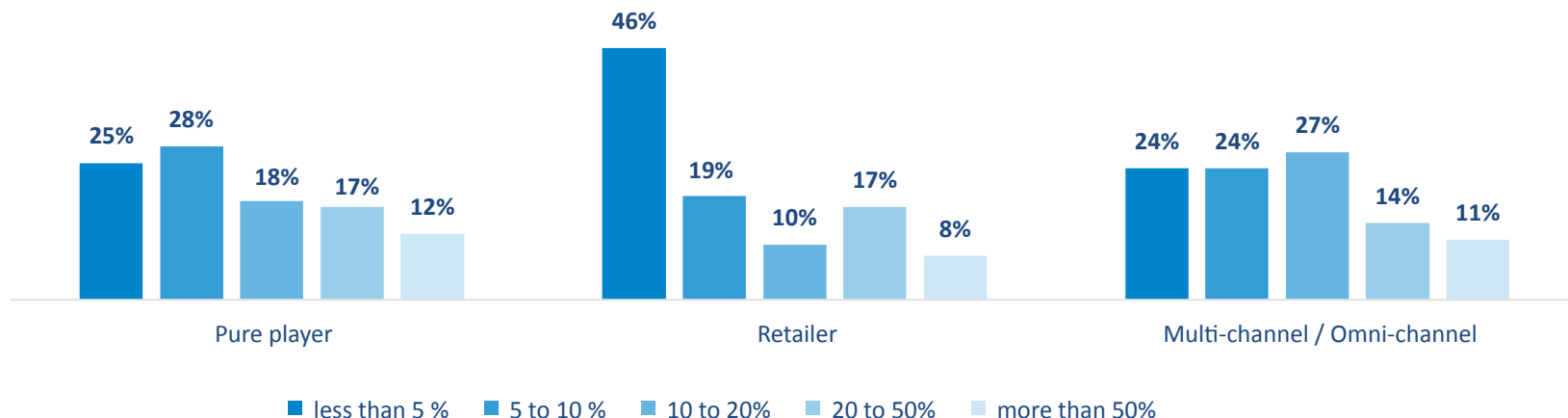
Percentage of total turnover made abroad

*358 answers



Percentage of total turnover made abroad by type of company

*358 answers



1.4. Reasons for not selling cross-border

Companies not selling cross-border indicated as main reasons for not doing so because of **overly restricting regulations in other Member States** (see graph aside). A concrete example of regulatory barriers can be found in the broad variety of privacy rules, resulting in high additional costs, overlapping requirements, conflicting implementations at national level and difficult enforcement of laws across European Member States.

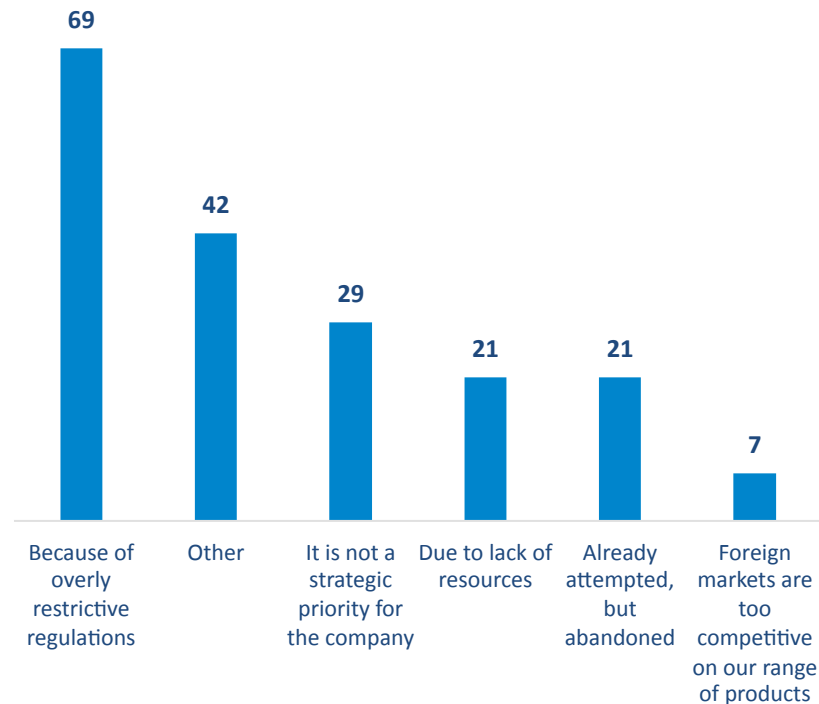
For example, merchants who want to sell cross-border are forced to invest heavily in legal and IT system to adhere to privacy laws in different European countries and this can be very costly. Differing consumer and contractual legislation is another example of a significant trade barrier, as especially SMEs risk overwhelming the consumer with many different information requirements and are prevented from providing a user-friendly, clean and simple shopping experience. Companies which want to sell cross-border also mentioned having specific issues related to product safety rules and labeling (see Chapter 2.1 for more details).

It is interesting to note that **multi/omni-channel shops not selling cross-border do so mainly because it is not a strategic priority for the company** (see next graph).

Note: some companies have selected more than one reason for not selling cross-border. This explains why the total amount of responses to this question is higher than 148, which is the total number of respondents to this question (the same applies for the following graph).

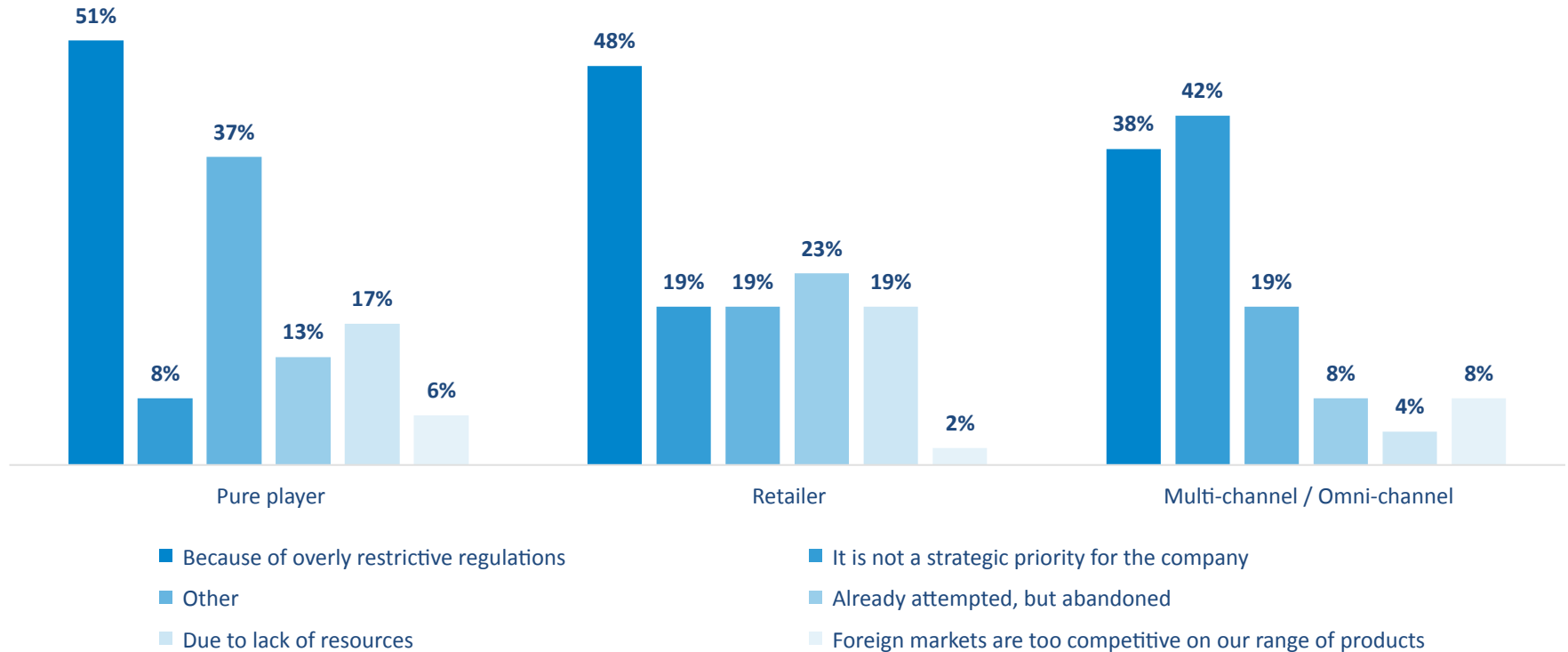
Reasons for not selling cross-border

*148 responses



Reasons for not selling cross-border by type of company

*148 responses



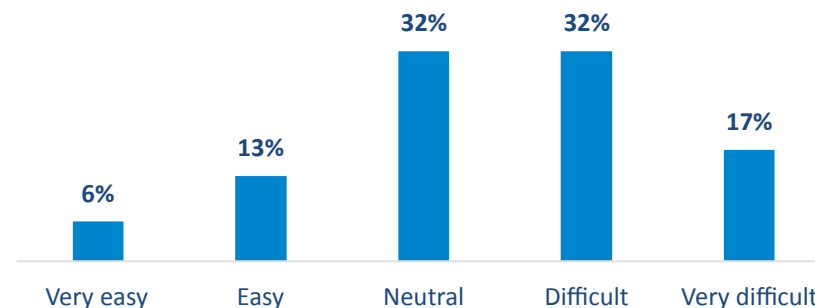
1.5. Ease of doing cross-border e-commerce in Europe

Companies were asked to estimate the level of difficulties in doing cross-border business in Europe. **For 32% of companies that answered to this question it is difficult to sell abroad, and for 17% it is very difficult.** Only 13% declared that it is easy, while **very few (6%) indicated that it is very easy.**

The same trend appears when associating the ease of doing cross-border sales with the type of company, even though for multi/omni-channel shops it seems a bit easier to sell abroad. This can be explained by the generally larger size of multi/omni-channel companies - this type of company tends to have more resources (such as a team of tax experts, its own distribution systems, etc.) to overcome the most difficult barriers. The relation between size of the company and the ease of doing business cross-border is indicated on the following page.

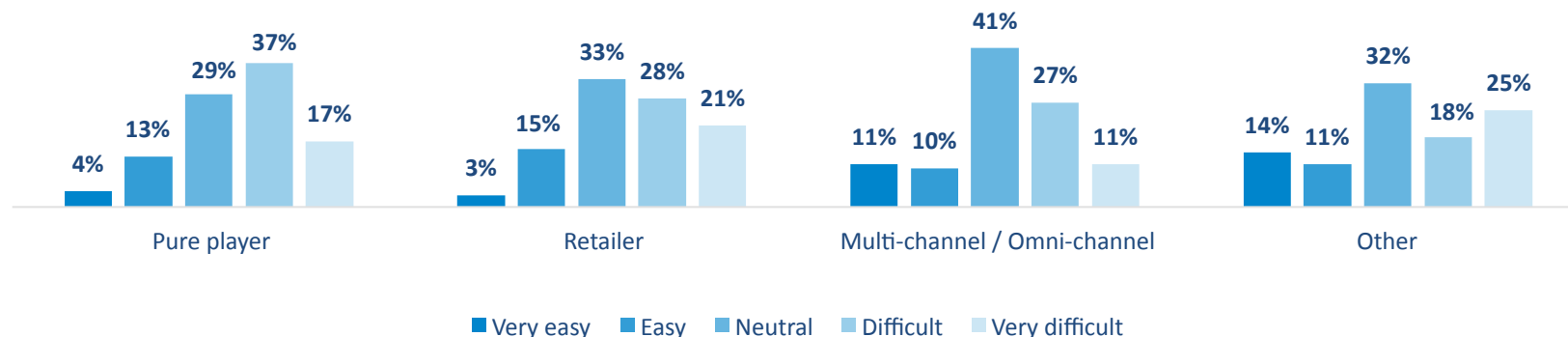
Ease of doing cross-border business in Europe

*510 responses



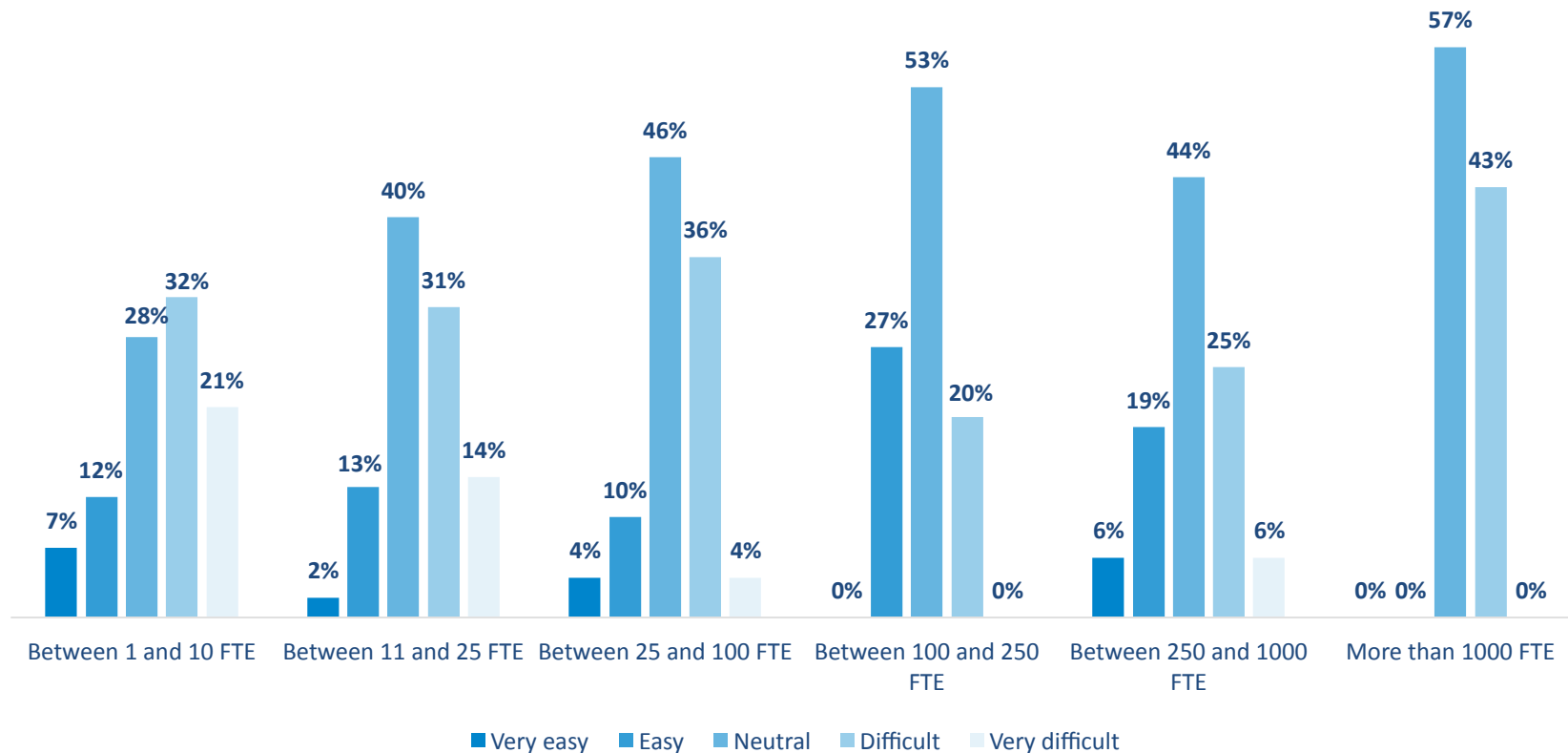
Ease of doing cross-border business in Europe by type of company

*510 responses



Ease of doing cross-border business in Europe by size of the company in FTE

*510 responses

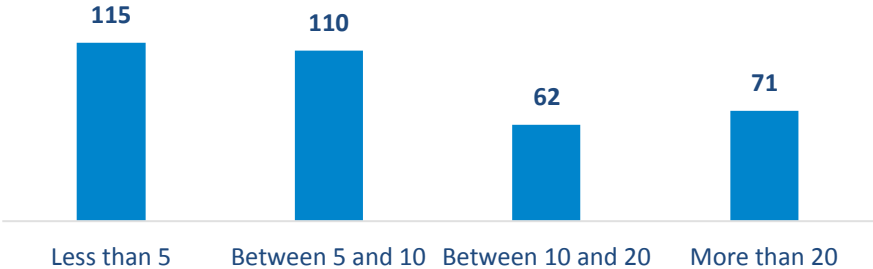


1.6. Countries targeted for cross-border e-commerce

Most of the companies selling cross-border in Europe direct their sales to **less than 5 countries** (115 web shops) or **between 5 and 10 countries** (110 web shops). This can be explained by the fact that most of the companies expand sales to neighboring countries because of their familiarity with the market. 71 companies direct their sales to more than 20 countries. Combining this data with the type of company, the same trend appears, even though it is interesting to note that multi/omni-channel shops are those which sell the most to more than 20 different countries (again to be explained by their relative size).

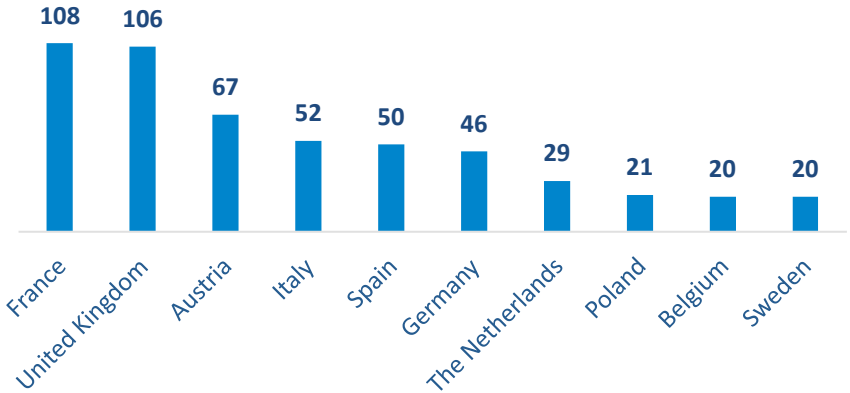
Number of countries to which sales are directed

*358 responses



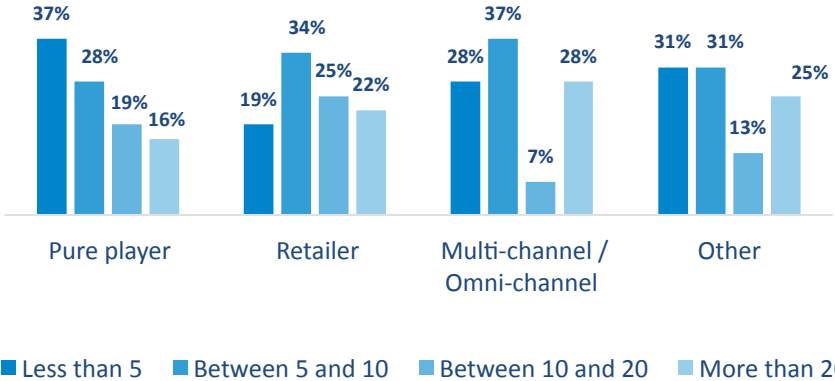
Top 10 countries where companies encounter the most difficulties

*358 responses



Number of countries to which sales are directed by type of company

*358 responses

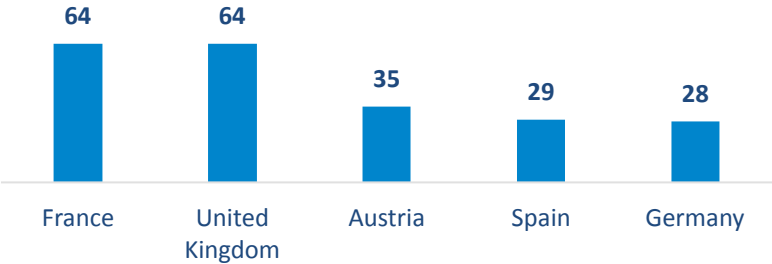


By combining the results on the countries where online merchants face the most difficulties with the type of companies, **France and the United Kingdom are the most difficult Member States to deal with when pure players or multi/omni-channel companies sell to these countries.** Several reasons can account for this observation, such as the maturity of the UK market (see our European B2C Research Reports available on our website, “Research” section) and perceived language barriers in France.

Note: companies could select more than one country. This explains the difference with the total amount of responses to this question.

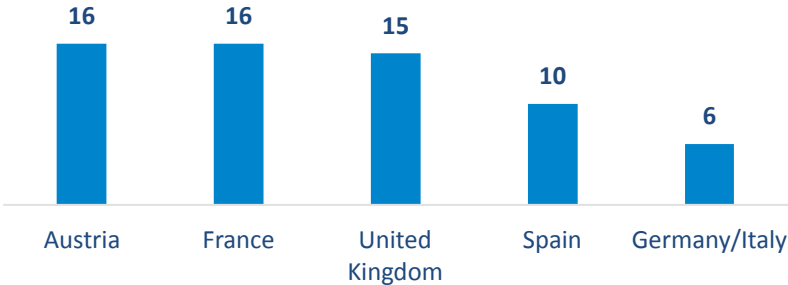
Top 5 countries where pure players encounter the most difficulties

*216 responses



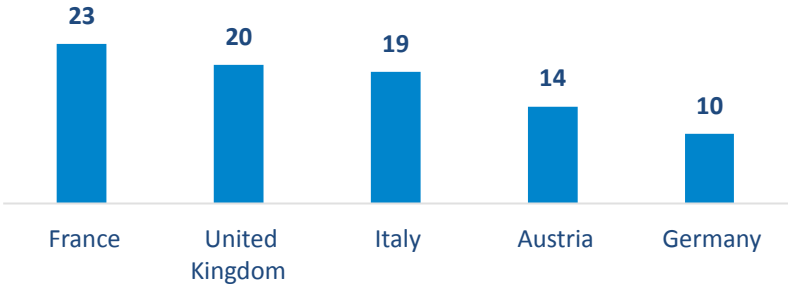
Top 5 countries where retailers encounter the most difficulties

*65 responses



Top 5 countries where multi/omni-channel encounter the most difficulties

*78 responses



2. Companies selling cross-border

This chapter analyses the results received from those companies which are already selling their goods and/or services abroad or which are in the planning stage of doing so. The first part will analyze the TOP-3 barriers that online shops face daily when doing business abroad.

2.1. TOP-3 barriers to cross-border e-commerce

According to the results, **differing legal frameworks, complicated and expensive taxation systems (VAT) and logistics/distribution issues still represent the top-3 barriers that online companies face daily when they sell cross-border in Europe**, in line with the findings Ecommerce Europe gathered in 2015.

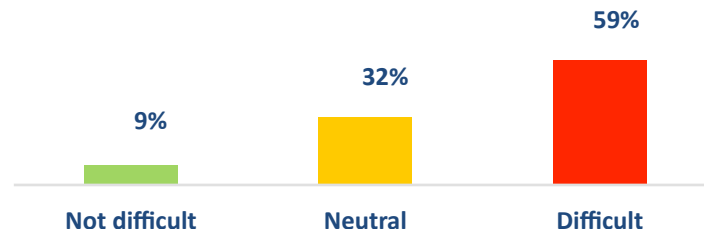
A) EU legal frameworks

Differing legal frameworks across the EU is still one of the most difficult barriers to overcome, specifically for 59% of the companies that sell cross-border or are planning to do so. The situation seems to have deteriorated compared to last year's survey report of Ecommerce Europe (46%). Dealing with 28 different sets of rules for data protection, privacy, consumer and contract law does turn out to be burdensome for online merchants. Both businesses and consumers need a single rule to achieve a Single European Market.

The level of difficulty for dealing with different legal frameworks when doing cross-border sales does not seem to vary in a very relevant way according to the type of company concerned.

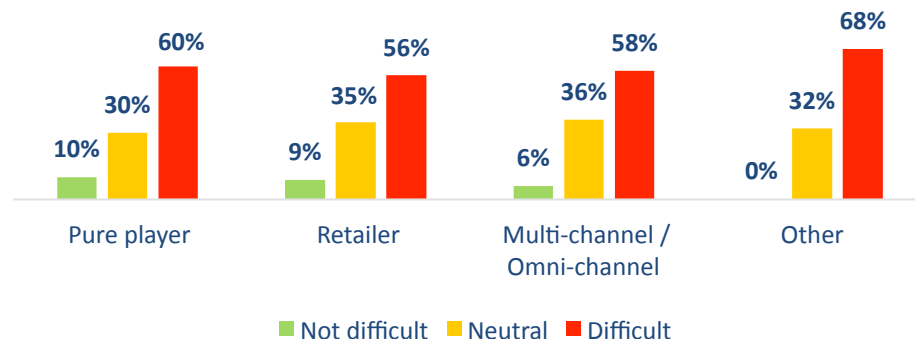
EU Legal framework

*437 responses



Level of difficulty of legal frameworks by type of company

*437 responses



In relation to the EU legal framework, the survey also assessed which specific areas are considered as most problematic by online merchants when selling cross-border in Europe. In particular, **data protection/privacy laws, consumer rights and contract law/rules represent the three most problematic legal barriers.**

Ecommerce Europe's recommendations on overcoming legal barriers:

1. Harmonize privacy and data protection legislation while recognizing the potential of innovation

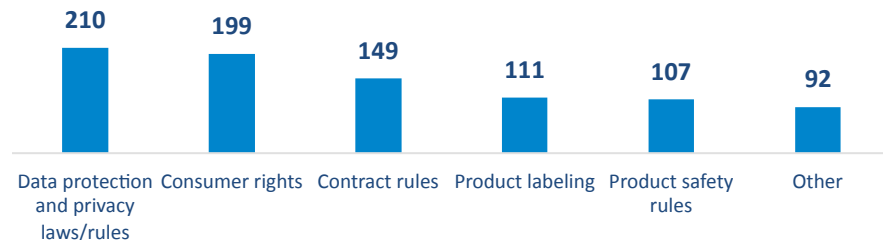
Ecommerce Europe fully supports the harmonization of European data protection legislation. However, any new or updated legislation should be implemented without causing unreasonable costs and/or administrative burdens for online merchants, and especially for SMEs. To keep the European e-commerce sector competitive, legislation should recognize the economic potential of recent technical developments in information collection and analysis - such as profiling, data driven marketing and the use of cookies - which stimulate business innovation and provide opportunities for merchants to optimize personalization and further tailor their businesses to new consumer demands.

2. Harmonize consumer and contractual policies while avoiding difficult rules

Ecommerce Europe strongly believes in full harmonization of legal frameworks for cross-border sales in Europe and does not see any need for different provisions for online and offline shops as this would only lead to more confusion. A real Single Market needs uniform regulation for all distance cross-border sales, be it online or offline, including the sale of tangible goods, services and digital content.

Legal barriers in Europe

*378 responses



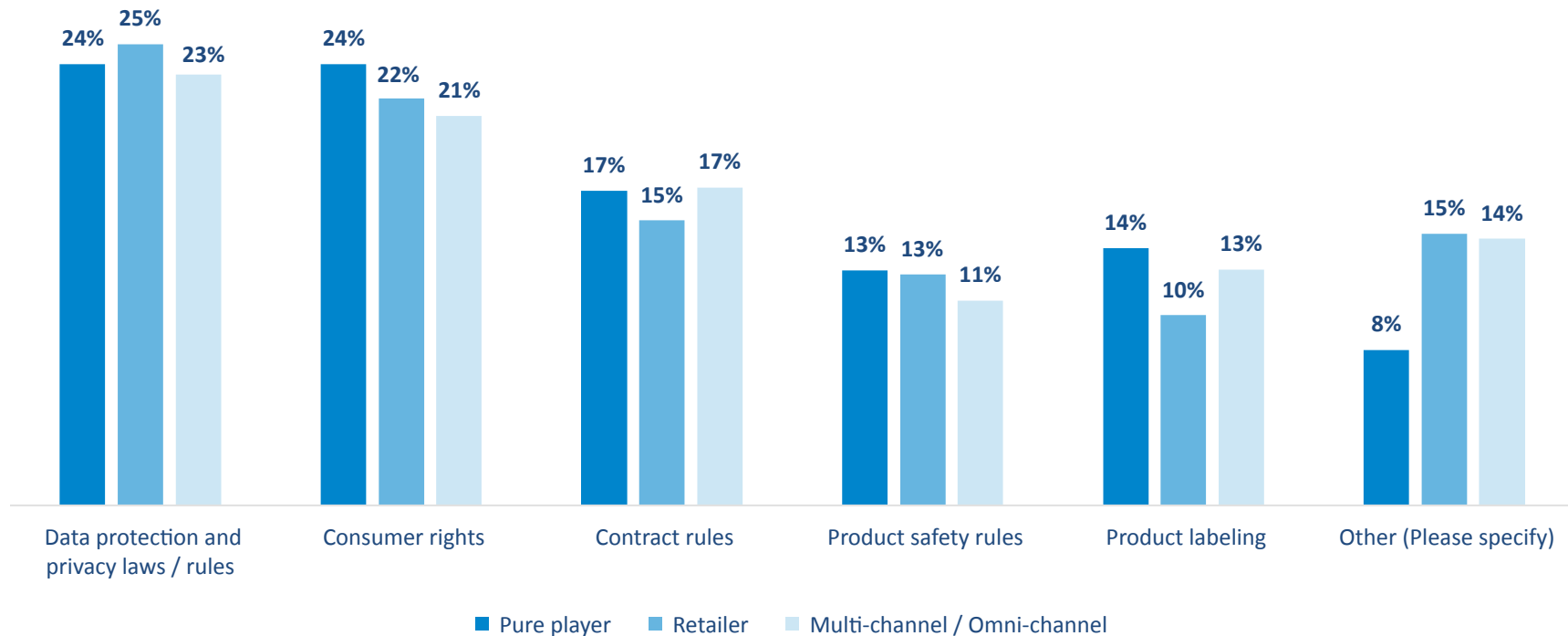
Ecommerce Europe strongly believes that remaining gaps in the European consumer protection legislation for cross-border e-commerce should be solved by full harmonization through mandatory instruments. Therefore, although having some strong concerns about certain provisions, Ecommerce Europe welcomes the proposals of the European Commission for a Directive on certain aspects concerning contracts for the distance sales of tangible goods and for a Directive on certain aspects concerning contracts for the supply of digital content, bringing an almost uniform legal regime for the sales of tangible goods all over Europe and a uniform regime for the supply of digital content.

Consumer and contract rules should also be simplified so that they can easily be understood by both consumers and SMEs. Consumers and merchants are often not fully aware of the legal aspects of their contractual relationship, because the applicable legal framework on consumer rights is too complex and tends to be only fully understood by legal specialists.

For more details, please download the latest version of our Priority Paper from our website www.ecommerce-europe.eu.

Legal barriers in Europe by type of company

*378 answers



B) Taxation system, VAT and/or customs

Different taxation systems, VAT rates and/or customs still represent a difficult barrier to overcome when going cross-border for 48% of companies selling abroad, therefore a similar percentage rate compared to Ecommerce Europe's figures for 2015 (43%).

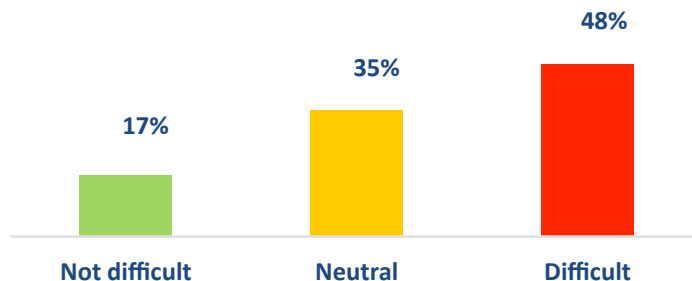
The level of difficulty related to taxation/VAT when doing cross-border sales does not seem to vary in a very relevant way according to the type of company concerned, even though for retailers taxation/VAT seem to be less of a problem compared to pure players.

In relation especially with VAT, the survey also assessed which specific areas are considered as most problematic by online merchants when selling cross-border in Europe. In particular, legal uncertainty and general unawareness of VAT rules by companies, high VAT-related accounting and administrative costs, difficult VAT registration and declaration procedures are considered by online merchants as the most problematic VAT issues when they sell cross-border in Europe.

Other specific barriers are shown in the graph on the next page.

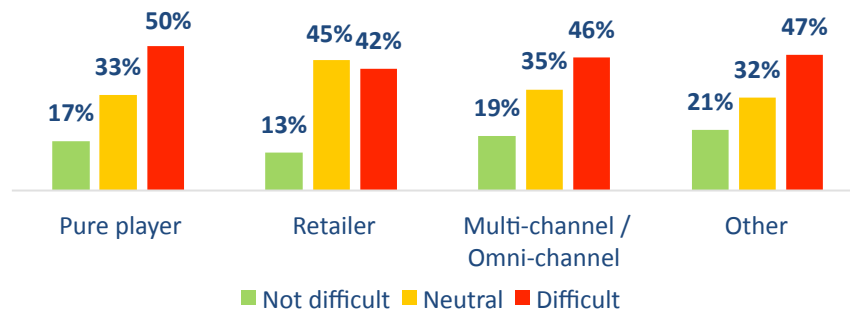
Taxation system, VAT and/or customs

*437 responses



Level of difficulty of Tax system, VAT and/or customs by type of company

*437 responses



1. Harmonize VAT rates as much as possible

The EU currently has more than 75 different VAT rates and there is a difference of 10 percentage points between the Member States with the lowest VAT rate (Luxembourg, 17%) and the highest (Hungary, 27%). In the long run, a harmonized European VAT system would greatly stimulate the development of cross-border e-commerce.

2. Support the European Commission's plans to modernize VAT for cross-border e-commerce

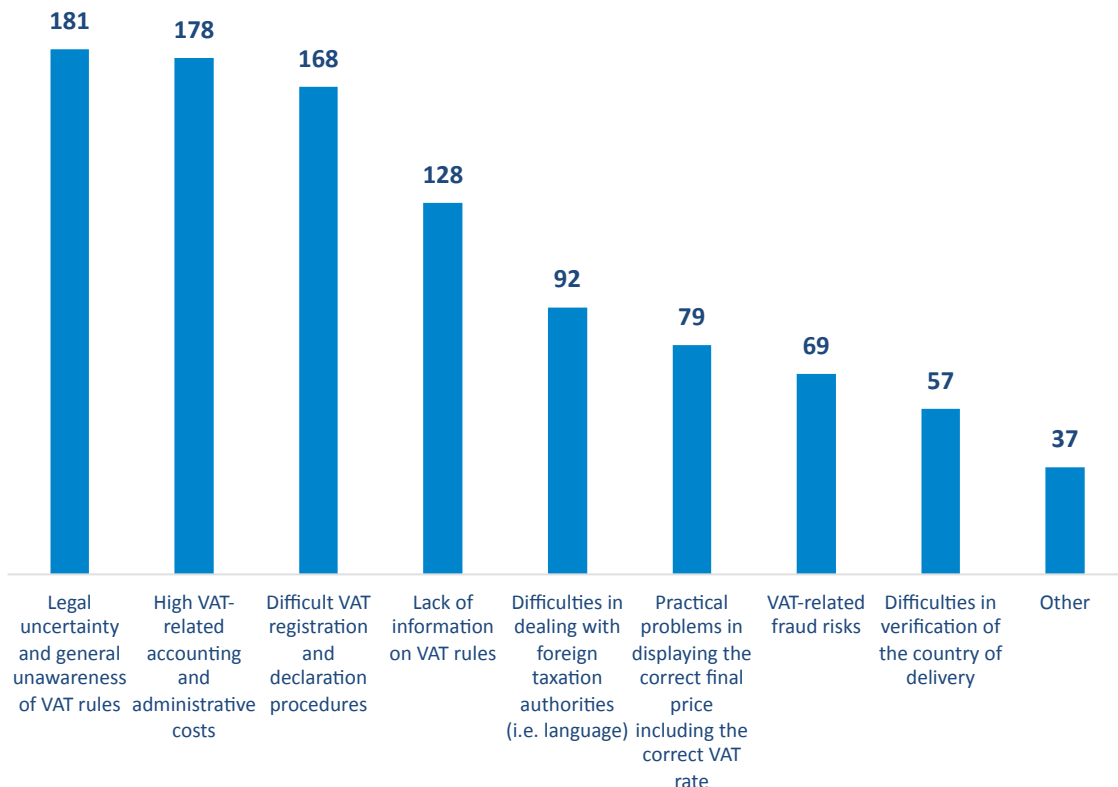
Ecommerce Europe welcomes and supports the plans of the European Commission as announced in May 2015 in its Digital Single Market Strategy, as they have the potential to simplify VAT rules, especially for SMEs and reduce VAT-related costs for business such as for accounting, registration and declaration.

3. Extend the Mini-One-Stop-Shop to all goods and services sold online

Many merchants, especially SMEs, have little knowledge of the fiscal demands of supranational and cross-border trade, limiting the potential of the Single Market. Ecommerce Europe believes that the Mini-One-Stop-Shop already in place for telecom, broadcasting and electronic (TBE) services is a good start, and could easily be expanded to all products (both tangible goods and services) sold online.

Tax system, VAT and/or customs barriers

*377 responses



4. Facilitate competition and cross-border trade for SMEs by establishing a common European VAT-threshold

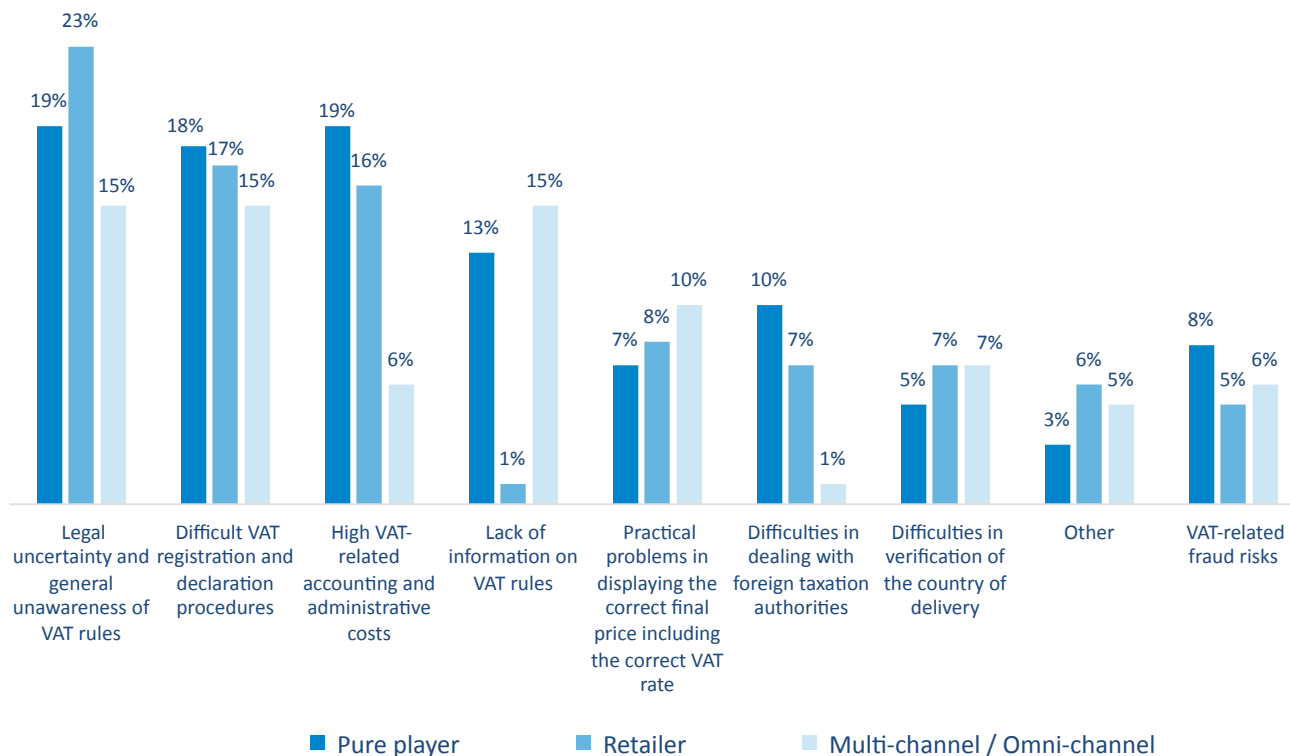
Introducing a VAT threshold under which no registration in other Member States or to the One-Stop-Shop is required for cross-border supplies would help smaller and start-up e-commerce businesses by removing the need to invest disproportionate resources in verifying the home base of the consumer and calculating and displaying individual prices.

5. Remove anticompetitive VAT-related exemption measures

EU businesses are at a competitive disadvantage as non-EU suppliers can supply VAT-free goods to consumers in the European Union under the current exemption for imports of small consignments. According to the preliminary figures from the ongoing European Commission's study on VAT obstacles to cross-border e-commerce, almost 150 million VAT-free consignments were imported in 2015. That is why Ecommerce Europe supports the Commission's plans to remove the VAT exemption for imports of small consignments from non-EU suppliers.

Tax system, VAT and/or customs barriers

*377 responses



C) Logistics and/or distribution

E-commerce is fundamentally changing postal and parcel markets. Global commerce streams revolutionize shopping, but the current parcel streams are ill-fitted to accommodate this. **Logistics and distribution represent a difficult barrier to tackle for 33% of the companies selling abroad.** Even though, compared to Ecommerce Europe's figures for 2015 (44%) the situation has slightly improved, online merchants indicate many barriers which still remain on quality and transparency of services (see next graph on the next pages).

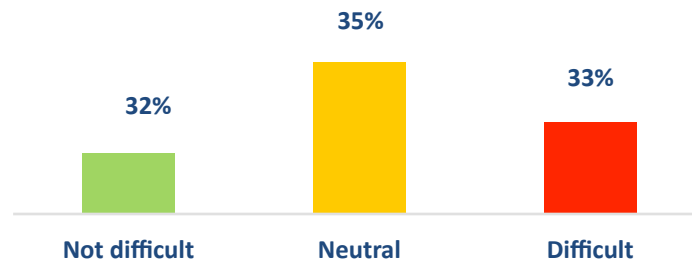
Digitization is changing current delivery value chains with a direct impact on costs and business models. Online commerce shifts the focus of delivery to the demands and needs of the modern consumer. The distinction between "courier" "express" and "postal" has become irrelevant, and borders become obsolete.

To harmonize the currently fragmented market and to diminish the distortion of the market, collaboration of all stakeholders in the sector (online merchants, delivery service providers, regulators, solution providers, consumer organizations) on all levels is necessary. Open and interoperable standards should be the norm.

The level of difficulty related to logistics/distribution when doing cross-border sales does not seem to vary in a very relevant way according to the type of company concerned, even though for multi/omni-channel merchants, logistics represents a less difficult barrier to overcome when selling abroad.

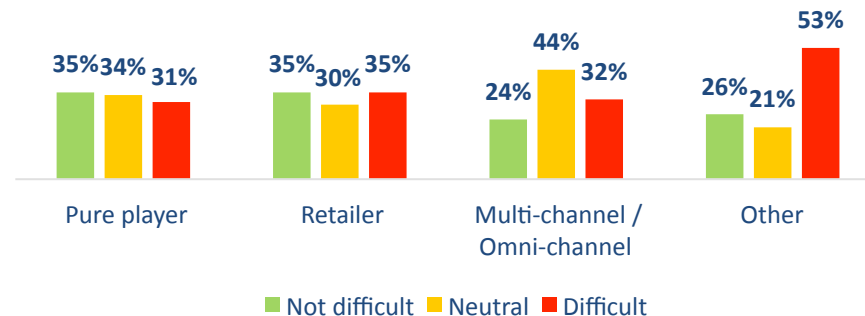
Logistics and/or distribution

*437 responses



Level of difficulty of logistics/distribution by type of company

*437 responses



Ecommerce Europe's recommendations to improve parcel delivery

1. Create a global level playing field among service providers

There is an absence of a global playing field among service providers. Costs and subsidies should be tailored to current reality. Combining this approach with speedier decision-making, a faster response to market demands, an integrated approach to product development and remuneration systems, and connecting wider postal sector players with products and services at all levels, is the recipe for successful, high quality postal services.

2. Provide merchants with more negotiating power on prices through transparency and access

Ecommerce Europe is convinced that high-performance European delivery is a key driver of success for web merchants and their business models. Merchants and consumers need a Europe-wide delivery system with open standards for labeling and data interfaces to carrier data in order to create more innovation and greater transparency in the logistics chain. Additionally, more options are needed, including different offers, alternative affordable delivery options, more flexibility, more information and transparency from delivery service providers.

3. Support open IT-standards for labeling, interfaces and databases

By not just participating in all relevant institutional stakeholder groups but also placing the e-commerce sector's demands on the agenda, Ecommerce Europe's voice should be clearly heard. Ecommerce Europe has taken an active role to determine how cross-border e-commerce should develop by assuming Chairmanship of several institutional committees (such as the European Commission CEN standardization committee)

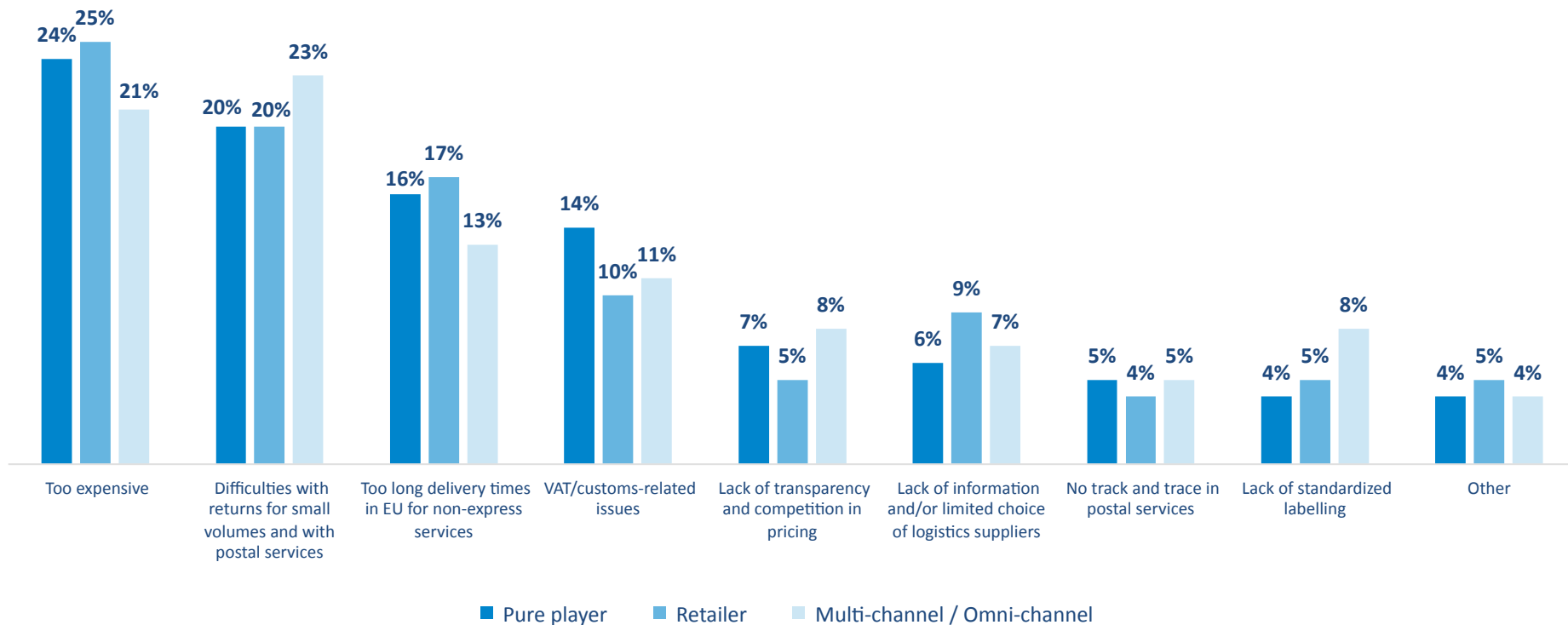
and by being an active participant in others (such as the Consultative Committee of the Universal Postal Union). Moreover, by actively contributing to the content of the next implementing decision of the European Commission on a standardization request to CEN under mandate of the EU Ecommerce Europe actively brings stakeholders together to discuss and make changes concerning how to cater to online merchants' needs and achieve more innovation and transparency in the logistics chain.

4. Stimulate sustainable solutions

Where the delivery sector has a responsibility to bring its business models up to speed, the e-commerce sector has a responsibility to ensure its business model is sustainable for the generations to come. Sustainable solutions can thereby enhance efficiency in the supply chain. Merchants combining volumes can increase performance and decrease their ecological footprint. Efficient packaging can save distribution space and diminish waste streams. Online merchants are already developing sustainable solutions for the last mile to decrease the pressure on inner cities. The e-commerce sector takes up its role in stimulating these initiatives and in helping create a more sustainable delivery value chain. Ecommerce Europe is an important facilitator in this process, providing the platform for stakeholders of the e-commerce sector to come together to design and foster sustainable, integrated e-logistics solutions.

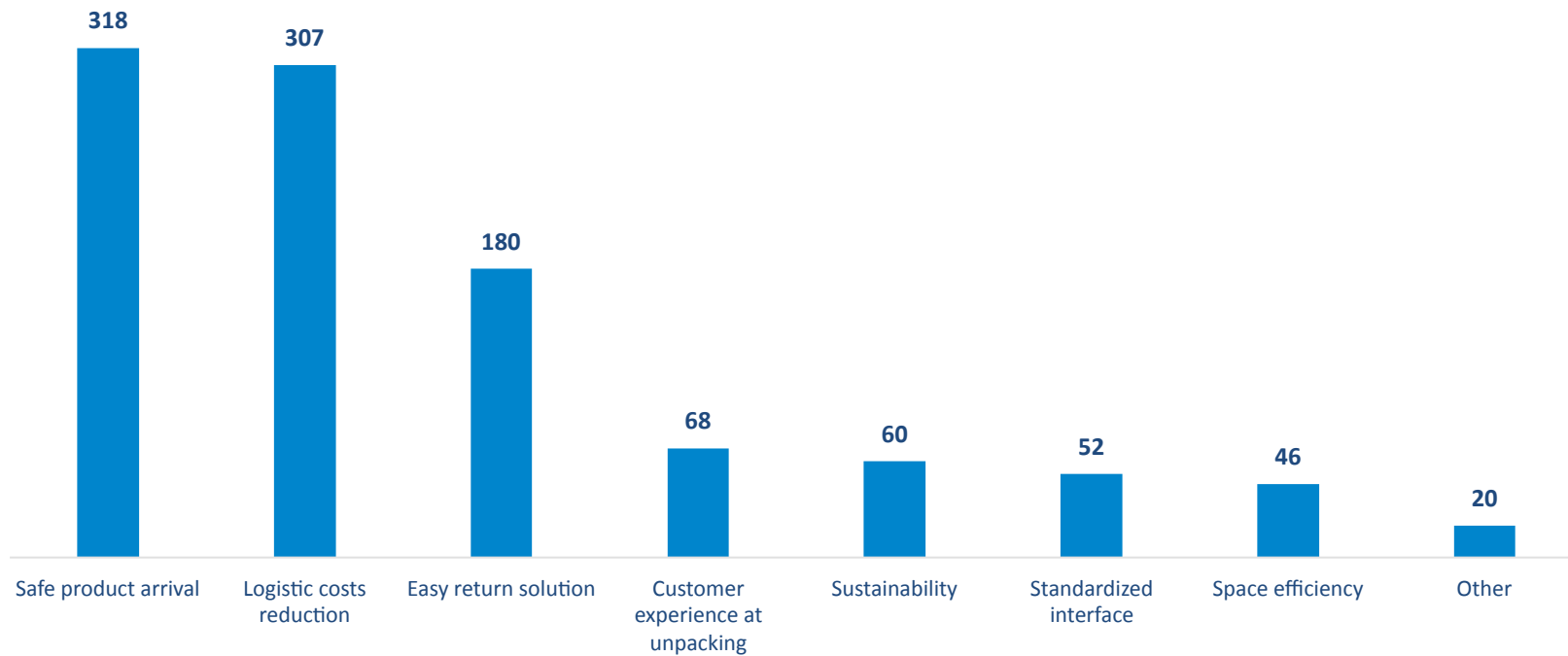
Logistic and/or distribution barriers by type of company

*378 responses



Most important reasons for parcel packaging

*479 responses



3. Other barriers to e-commerce

This chapter will analyze other barriers identified by online merchants when selling/trying to expand abroad.

3.1. Online payments

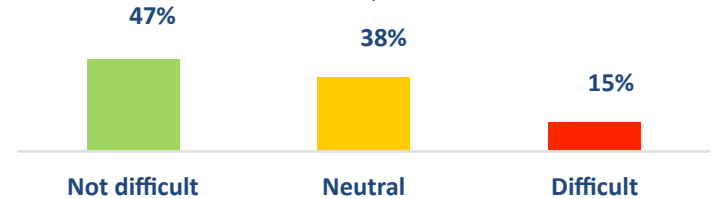
15% of online merchants indicated that online payments are a problematic area when selling cross-border. Compared to last year (25%), it seems that the situation has improved. However, merchants report that concrete barriers linked to online payments across the European Union still persist:

- **High costs:** burdensome interchange fees and processing fees of banks and third party payment providers still prevail - especially for convenient and easy-to-use payment solutions;
- **Identification of the consumer:** a lack of uniform electronic identification system forces consumers and merchants to go through a burdensome process of consumer authentication and identification;
- **Complicated check out process:** conversion is lost because consumers leave the process prematurely when authorization and authentication requires too many steps (registration, two or multi-factor authentication, tokens, etc.). This becomes an even bigger problem for mobile shoppers, who already tend to leave the process after the first step.

It is **crucial that consumers can pay and check out with their preferred method** during the online shopping process. This payment method should be **interoperable among channels, devices and borders.**

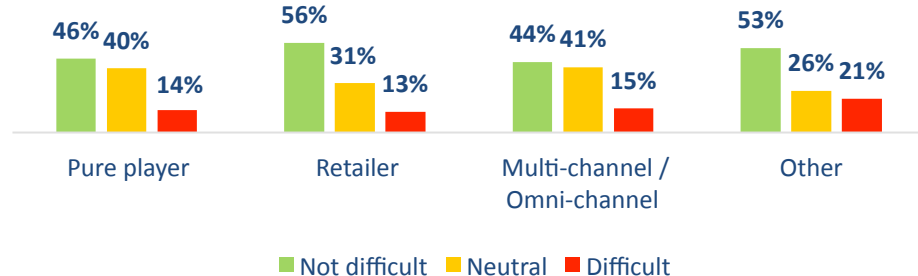
Online payments

*437 responses



Level of difficulty of online payments by type of company

*437 responses



It is equally crucial that the merchant acquires certainty about the identity of the consumer for a fast check-out. To enhance trust in the online world, solutions need to be **secure and trustworthy**. For more information, please download the Ecommerce Europe's Priority Paper 2016 from our website.

3.2. Language, Marketing, Client relationship

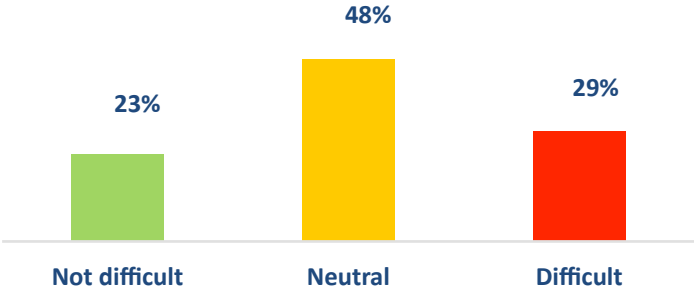
Around half of the companies selling cross-border have indicated that **language differences across the European Union are a neutral barrier to overcome** when selling abroad. However, 29% believes it is a difficult barrier to tackle, while only 23% indicated that language is not a difficult barrier to tackle.

Building **client relationships proves to be a neutral obstacle for almost half of the companies selling abroad**. 28% believe it is not a difficult barrier to tackle, while for 23% it is difficult to deal with.

Developing a **marketing strategy for selling goods and/or services abroad is not difficult for 24% of the companies** that answered this question. 50% of merchants believe it represents a neutral barrier, while 26% believe it is difficult to do marketing for cross-border sales.

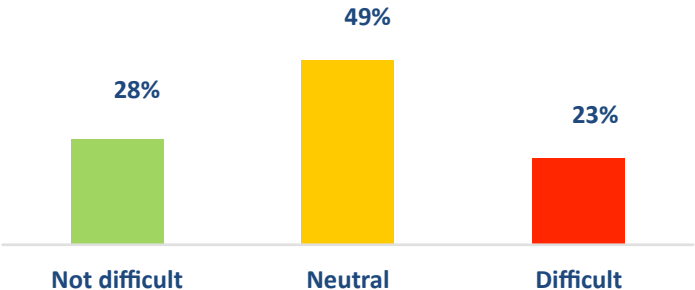
Language

*437 responses



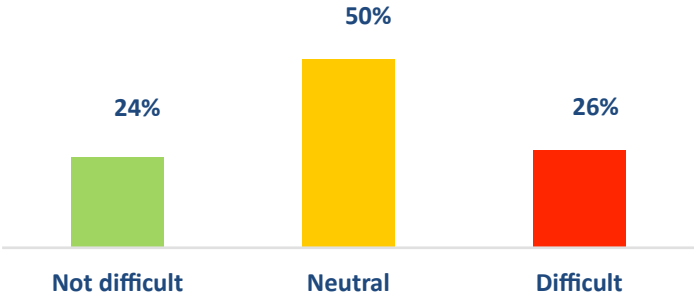
Client relationships

*437 responses



Marketing

*437 responses



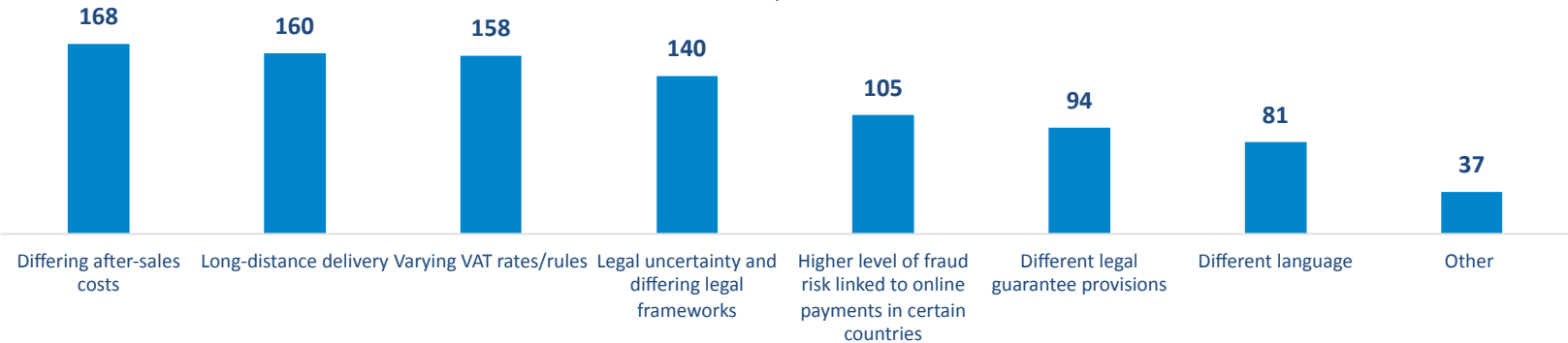
3.3. Barriers to cross-border e-commerce and geo-blocking practices

In the context of the recent EU policy discussions on so-called ‘geo-blocking’ practices, Ecommerce Europe wants to draw the attention of European legislators to the importance of recognizing online merchants’ fundamental rights to economic and contractual freedom based on reasonable grounds. This also means that a company may decide not to sell or deliver to a consumer in another Member State or apply a different price for the same product sold online. European policy makers should take into account that consumer differentiation - based on their location - does not mean consumer discrimination *per se*.

A differentiation in price and conditions can already be justified under the so-called ‘objective criteria’ of Article 20.2 of the Services Directive. Companies surveyed were asked to indicate which reasons they consider as justified to apply different prices or decide not sell/deliver to certain markets. **Most of the companies indicated differing after-sales costs, long-distance delivery and varying VAT rules/rates as the most justified reasons to “geo-block”.** Ecommerce Europe wants to point out companies need to reroute consumers or refuse to sell/deliver them because of the many remaining barriers to cross-border e-commerce. Therefore, if justified, geo-blocking should be allowed and only unjustified practices should be tackled.

Justified reasons for applying different prices or for not selling to consumers based on their location

*378 responses



4. Trends in cross-border e-commerce

This chapter presents an overview of the development of cross-border e-commerce in Europe over the past 2 years and the expected evolution of cross-border sales in the coming 2 years.

4.1. Evolution of cross-border sales over the past 2 years

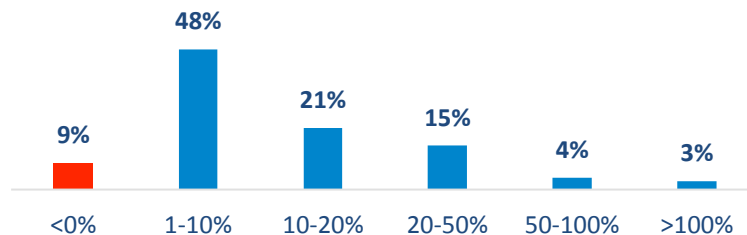
Despite the barriers that online shops still experience, **the results of the survey showed that the sales of products and/or services abroad have increased in the last 2 years for most of the companies.** Almost half of the companies that answered this question declared that their cross-border turnover has increased by 1-10% over the last 2 years.

Only 9% of the companies declared that their annual turnover decreased over the past 2 years. The e-commerce sector is one of the few European industries that has experienced a non-stop double-digit economic growth. For the actual growth figures of the market per region and even per country, please read our European B2C E-Commerce Reports (available on our website in the “Research” section).

For merchants, there are still plenty of opportunities for growth by expanding into new European markets. Ecommerce Europe is confident that breaking down barriers to cross-border e-commerce could create millions of extra jobs in the coming years.

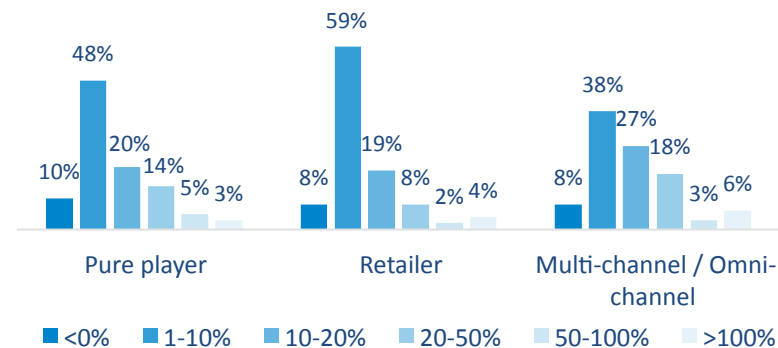
Development of the turnover of cross-border sales over the past 2 years

*310 responses



Development of the turnover of cross-border sales over the past 2 years by type of company

*295 responses



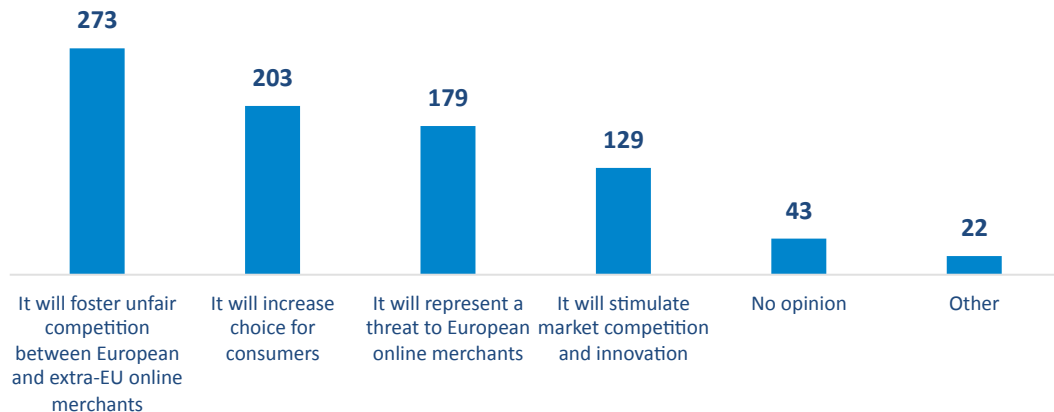
4.2. Expected optimistic evolution of cross-border sales

According to the results of the survey, **the expectations of online merchants for cross-border sales over the next 2 years are rather optimistic**, and only 7% of the companies that answered this question expect a decrease of their turnover realized abroad.

Companies were also surveyed about their expectation in the current context of globalization of e-commerce. **Most of the companies believe that the globalization of e-commerce will foster unfair competition between EU and extra-EU online merchants.** European policy makers should work towards the completion of the EU Digital Single Market in order for Europe to stay competitive with the bigger players coming from outside Europe.

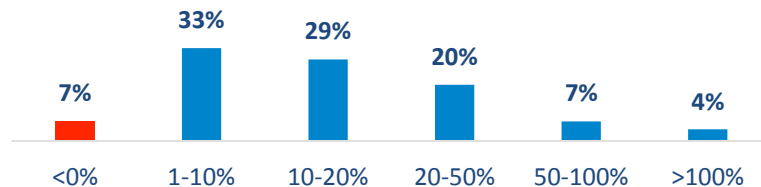
Opinion about the globalization of e-commerce

*507 responses



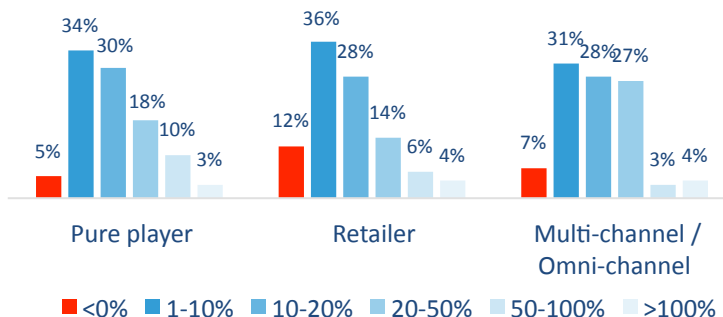
Expectation of the development of the turnover of cross-border sales over the next 2 years

*309 responses



Expectation of the development of the turnover of cross-border sales over the next 2 years by type of company

*293 responses





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