



The 4th Annual European E-Commerce Conference 2012

E-Commerce & Online Services: The Drive for Confidence and Growth

Held on 14th November 2012 / The Renaissance Hotel . Brussels

Conference Report

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The 4th Annual European E-Commerce Conference, hosted by EDiMA and EMOTA and organised by Forum Europe, brought together again this year a broad and high-level group of stakeholders to discuss and debate the significant benefits of European e-commerce and the development of corresponding EU policy to remove existing regulatory barriers and leverage the sector's growth potential. Over 200 delegates attended the event, which featured 4 keynote speeches and 3 expert panels addressing specific issues and policy considerations for continued and enhanced E-Commerce growth in Europe.



Walter Devenuto



Katarzyna Lasota Heller

The conference opened with a short welcome from EDiMA President **Katarzyna Lasota Heller** and EMOTA President **Walter Devenuto**. Walter Devenuto provided an opening presentation to set the scene, showing the latest statistics of E-Commerce in Europe: in particular, that the European online retail market is expected to reach a turnover of € 300 billion in 2012, achieving an impressive growth of 20% relative to 2011. He further highlighted the reasons for shopping online as set out in a report from Civic Consulting/TNS: lower prices (66%); save time (50%); price comparison (33%); open anytime (33%); wide selection (22%).

Keynote Addresses

Keynote speeches were then delivered by **Pat Rabbitte**, (Minister for Communications, Energy and Natural Resources at the Government of Ireland); **Pierre Delsaux**

(Deputy Director General in DG Internal Market and Services at the European Commission); **William E. Kennard** (US Ambassador to the European Union) and **Hein Pretorius** (CEO of MIH Allegro Europe).

Kicking off the keynote addresses, Irish Minister for Communications, Energy, and Natural Resources, **Pat Rabbitte** presented the main priorities of the incoming Irish Presidency of the EU, highlighting the need to restore financial stability and promote jobs and growth in Europe, and the potential for digital initiatives – such as those within the EU Digital Agenda – to contribute to such objectives. The Minister indicated strong Presidency support, in particular, for promoting the Horizon 2020 initiative, the External trade Agenda, and the “Connecting Europe” facility. With respect to E-commerce and Internet policy, Mr. Rabbitte noted



Pat Rabbitte

that key Presidency priorities will focus on: cyber security, further rollout of high-speed broadband, Intellectual Property Rights (IPR) enforcement, e-Identification, and the data protection reform proposals.



Pierre Delsaux

He cited the example of Ireland's implementation of an ambitious broadband plan, noting the need for sufficient and conducive infrastructure to provide the foundation for further digital growth, which the EU must leverage to remain competitive globally.

Citing statistics from McKinsey on the significant economic impact the Internet has delivered and will continue to contribute to EU GDP, Rabbitte stressed the catalyst which E-commerce represents for job growth, particularly via European SME's. The minister stressed the importance of incentivizing SMEs to adopt more online tools and take advantage of the digital environment. To improve such trust and confidence in the digital economy, Ireland fully supports the Commission proposals on the Data Protection reform and will aim to make it as workable as possible.

Presenting the perspective of the European Commission, **Pierre Delsaux**, Deputy Director General in DG Internal Market and Services, emphasized the potential of e-commerce to improve the economic situation in Europe, leveraging, in particular, the European Single Market – with 500 billion consumers. Accordingly, he highlighted the Commission's recent adoption of the Single Market Act II, and the specific corresponding actions and initiatives aimed at enhancing digital growth. Delsaux gave the example of Portugal which, in the midst of challenging economic times, has led the way in developing e-government and e-procurement initiatives that have reduced administrative waste and expenses, while enhancing competitiveness. He noted also, however, the ongoing challenges which

continue to stunt E-commerce's overall growth in Europe. Existing barriers contributing to lower cross-border growth rates and variances amongst Member States include: regulatory obstacles; business reluctance to sell online and cross-border; delivery and logistics problems; different VAT systems; and lack of consumer trust and confidence. Addressing such obstacles should be the priority of EU policymakers, and he emphasized in particular the importance of payment services in this regard, citing the corresponding Commission proposal on Internet and Mobile Payments, which he hopes to be released in Spring 2013. Lastly, on the issue of VAT, while he acknowledged the potential benefits of harmonization in this space, he stressed the need to be realistic with respect to objectives and to keep the focus on improving the functioning on the EU Single Market.

US Ambassador to the European Union, **William E. Kennard** then provided an American and Trans-Atlantic perspective, sharing lessons from the US experience and encouraging signs of cooperation moving forward, particularly in the area of online privacy and data protection. He highlighted challenges facing Europe specifically, notably the need for coordination and cooperation amongst 27 Member States, which obviously poses different problems in implementing relevant laws, which he believes are heading in the right



William E. Kennard



direction. He shared other speakers' optimism on the potential for e-commerce and digital industries to drive to economic growth, and noted that many of the largest Internet and online companies in the US had been founded by immigrants from Europe. A key task for European policymakers, he concluded, was to identify why such people leave the EU and what attracts them to jurisdictions such as the US.

Hein Pretorius, CEO of MIH Allegro Europe, provided an industry perspective, sharing statistics and figures demonstrating the potential, albeit unrealized in some cases, of e-commerce in Europe. He highlighted that, according to a recent study by McKinsey, the Internet represents approximately 4.2% of US GDP yet only 3.8% of EU GDP. Statistics also show that while the Internet has contributed over 33% to economic growth in Sweden over the past five years, in France this number is only around 18 %, and in Italy only 12%. Mr. Pretorius emphasized the significant job creation that e-commerce, as well as online social networks, provide along with new economic opportunities for entrepreneurs and citizens. In terms of leveraging such growth potential in the EU and further promoting E-Commerce, Mr. Pretorius said that Europe must be careful not to inadvertently create its own barriers and should continue to prioritise the smooth functioning of the EU Single Market.

Following the keynote session, Ambassador Kennard, Pierre Delseaux, and Hein Pretorius made themselves available for a short Q&A session and panel discussion. Jeremy Rollison (Director at EDiMA) kicked off the discussion with a question to the speakers as to how policymakers can develop policy aimed at enhancing consumer trust and confidence without creating new administrative burdens for business. Pierre Delseaux agreed on the need, and difficulty, to strike the right balance, and emphasized the important role of businesses in this regard, in terms of providing competitive offerings. Ambassador Kennard questioned whether consumer trust can actually be legislated, as such confidence is enhanced more efficiently via competition and consumer experiences in the market. Hein Pretorius agreed with the Ambassador, noting that the online environment is actually empowering consumers more than ever before. Consumer trust and confidence, therefore, does not come from legislative initiatives, but rather from consumers' individual and collective experiences in the marketplace.

Session 1

Realising the potential for e-commerce in Europe – the next steps



The first panel, moderated by **MEP Róża Maria Gräfin von Thun und Hohenstein** (EPP, Poland), addressed the significant economic potential of e-commerce and how the importance of building confidence and trust with consumers while boosting greater E-Commerce usage in Europe. **Stefan Krawczyk**,

Senior Director and Counsel at eBay Government Relations Europe, described how E-commerce, as well as M-commerce, are quickly becoming simply “commerce” and the ways in which consumer convenience and empowerment are being improved at a rapid pace. He noted in particular the global nature of e-commerce and, in terms of developing appropriate policy, the need for results-orientated regulation, legal certainty, and strong enforcement of competition rules. **Kostas Rossouglou** (Senior Legal Officer at BEUC) highlighted the importance of continuously building confidence and trust with consumers, and considered that a lack of transparency with respect



to cross-border e-commerce presents a major obstacle. Accordingly, in addition to the enforcement of competition rules, stronger and more enforced EU regulation would help provide greater guarantees and confidence for consumers. **James Roper** (Vice-President EMOTA and CEO, IMRG) provided an example from the E-commerce market in the UK, where a trustmark has been in place for a number of years with excellent results for confidence in the marketplace for all stakeholders. He indicated that combining this experience with that of the other EU markets at a European level could potentially contribute to enhancing consumer and business confidence in E-Commerce, thereby stimulating growth. **Dan Dionisie**, Head of Unit, Consumer Markets, DG Health and Consumers Affairs at the European Commission, presented Commission

efforts in the space, namely monitoring and analysing EU consumer attitudes and behaviour to develop appropriate policy. Recent data have shown a persistent gap between domestic and cross-border e-commerce – even if both have nonetheless grown substantially - thereby illustrating the importance of trust and confidence in terms of promoting E-Commerce growth. **Dionisie** showed that the line between cross-border e-commerce and national e-commerce is somewhat blurred for consumers and the European Union research in this area will have to take this into account in order to have a clear picture of the developments. He also acknowledged, however, that policymakers cannot legislate confidence directly, but that it remains essential to address specific barriers such as VAT compliance, contract rules, and logistics hurdles. **Katarzyna Lasota Heller**, Global Head of



Legal Compliance at Naspers MIH Group, emphasized how e-commerce can and should be a driver to fight against the economic crisis in Europe. Reiterating previous speakers points that trust cannot be

legislated, she noted that consumer confidence comes from positive experiences in the marketplace. E-commerce



MEP Róza Maria Gräfin von Thun und Hohenstein

policy should focus on addressing, as a priority, regulatory barriers which make it difficult for businesses to operate in Europe, rather than initiatives aimed at legislating trust.

After the debate session, MEP Róza Maria Gräfin von Thun und Hohenstein

opened the Q&A session by asking all the participants how to combine consumer trust and business confidence together. Law-makers and industry have the key to make the three 'Csc' as a priority (choice, confidence and convenience).

Afternoon keynote



Pablo Arias Echeverria

An update on progress towards completing the digital single market

MEP Pablo Arias Echeverria (EPP, ES) kicked off the afternoon with a short speech on the necessity of developing the EU's

Digital Single Market. MEP Arias noted that Europe was still finding its way with respect to the Internet economy and has yet to take full advantage of its potential, which currently represents up to €400 billion and 4% of EU GDP. Policy priorities should be aimed at extending the success of the Single Market to the Digital Single Market (DSM),

leveraging benefits to growth and employment. In this context, cross-border e-commerce can and should play a crucial role. MEP Arias concluded his speech by reminding participants that solutions to the economic crisis can come in a digital format; leveraging SME access to the tools and opportunities the Internet has to offer will lead to economic growth and should be the priority of EU policymakers.

Session 2



Werner Stengg

Payments and logistics – Delivering choice and trust on time

Moderated by Werner Stengg of the European Commission, the second panel focused on issues surrounding payments and logistics services and the

need to establish a more secure and efficient environment for e-commerce. According to **Giulio Montemagno**, General Manager for Western Europe, PayPal, M-commerce is an increasingly vital aspect of E-commerce, and retail in general, continuing the to blur the lines between the online and offline worlds. He provided examples of different user experience possibilities resulting from the proliferation of new connected devices, and the impressive growth rates of M-commerce during the past 5 years. **MEP Sampo Terho** (EFN, FI), the Parliament's Rapporteur for its report on "Towards an integrated European Market for card, internet & mobile payments", highlighted that mobile payments represent



Giulio Montemagno



Steven Pope

substantial opportunities in terms of consumer convenience and flexibility, and innovation in general. He indicated that general feedback from stakeholders, in terms of preferred policy approaches, centered around the need for a cautious, and

light regulatory approach in the area of mobile payments so as not to disrupt the rapid innovation occurring in this field. **Joost Vantomme**, Chair of European Union Affairs at bPost, explained the role of EU postal services and how they are increasingly becoming more flexible, particularly regarding delivery services, payment facilities, and returns solutions. Mr. Vantomme noted that domestic post traffic still represents 90% of overall traffic, with cross-border traffic at 10%. **Steven Pope**, Vice-President Customs and regulatory Affairs at DHL Express, highlighted the significant barrier presented by varying levels of customs duties, both within the EU, and in comparison to its global trading counterparts. A more harmonised approach to customs clearance would greatly improve delivery services and help further the growth of E-Commerce. **Yannis Kourniotis**, Chairman of Telemarketing S.A., described the distance selling sector in Greece where delivery remained a problematic issue. He would like the European Commission to look into this. In general, he considers the delivery sector in Europe as split into two - big vs. small markets - and marked by price distortions. **Jörgen Gren**, Head of Unit "Growth and Jobs" at DG CONNECT at the European Commission, intervened to address the development of the mobile payments sector in particular, and its potential to further stimulate E-Commerce. Policy approaches in this area need to be careful not to stunt ongoing innovation, yet provide a secure and harmonise framework conducive to the Single Market.

Session 3

Implications of the new data protection rules for e-commerce

As Rapporteur on General Data Protection Regulation, **MEP Jan Philipp Albrecht** (The Greens/EFA, DE) opened Session 3 featuring a panel of high-level experts involved in policymaker and stakeholder discussions surrounding the Data Protection reform proposals.

Danilo Labovic, Managing Director EMEA at TRUSTe, presented different aspects of consumer behavior and expectations with respect to data privacy. He noted in particular high consumer



Danilo Labovic

awareness of cookies, online tracking and its use; the business implications of consumer privacy concerns; and c) consumer expectations with respect to company compliance with EU legislation. **Peter Hustinx**, European Data Protection Supervisor, stated the need to focus on a general picture of Data Protection in the digital environment which will help consequently to design e-commerce and provide a stronger, more consistent and effective protection for citizens over Europe. Strong intervention mechanisms, Mr. Hustinx explained, are necessary in order to implement the proposal for a new EU regulation on Data Protection and priority should be placed on evidence-based approaches to trust, arrangements for an internal data management, and finally, a more



consistent supervisory authority. For Mr. Hustinx the scope of EU law is being newly defined and provides an example for 3rd country implementation. **Thomas Zerdick**, Policy Officer, Data Protection Unit at DG JUSTICE at the European Commission, explained the need for having a consistent internal market approach and strong rules in a global environment in proposing a single law. He also emphasized that individual rights need to be strengthened (via new provisions on explicit consent and right to be forgotten, for example). In his view, more rules provide more.



Razvan Antemir, Legal Affairs Adviser at EMOTA, said the proposed reforms still raised questions from both businesses and consumers and more clarity was needed. The aim of the Data Protection Reform

should be to create an easier and more understandable framework for everyone, consumers and businesses. As everyone agreed around the table, **Marisa Jimenez**, European Privacy Policy Senior Counsel at Google, commented on the real need for the reform proposals to focus on clear principles aimed at protecting consumers. Instead of being a controversial issue, the Regulation should focus on supporting a flexible and innovative framework in Europe. The real challenge of this reform is to achieve a Regulation to solve the big problems of today, and at the same time, a flexible framework to solve the issues of tomorrow. **Jean Gonié**, Director of Privacy, EU Affairs at Microsoft Europe, insisted on the notion of certainty, clarity and



trust to establish strong rules on protection of data for consumers and businesses alike. For a maximum protection of data subjects, we should create concepts to recognize when a company does it well, and mechanisms to reward companies which implement data protection correctly. After the debate, **MEP Jan Philipp Albrecht** invited the panelists to focus discussion on the enforcement of the Data Protection regulation in Europe.

Close

Following the Q&A session, the Presidents of EDiMA, Katarzyna Lasota Heller, and EMOTA, Walter Devenuto, very briefly summarised the discussions of the morning/afternoon panels before thanking everyone for the participation and looking forward to next year's event.

E-Commerce Award

The 3rd Contribution to E-Commerce in Europe award was once again held as part of the Annual E-Commerce Conference. This year's winner was Head of Unit for Online Services at the European Commission, **Werner Stengg**.



Forum Europe would like to thank everyone who participated at this year's conference. Thank you also to both **EMOTA** and **EDiMA** who are invaluable partners for the conference. Thanks also to the sponsors of this year's event, namely **PayPal**, **bpost** and **TRUSTe**.

If you are interested in becoming involved in this event next year, please contact **James Wilmott** using the details on the following page.



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