

ROADMAP

Title of the initiative: **Communication and staff working document on a Market Study on E-commerce**

Type of initiative (CWP/Catalogue/Comitology): CWP

Lead DG: DG SANCO

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Initial IA screening & planning of further work

A. Context and problem definition

(i) What is the political context of the initiative?

This market study will make an important contribution to the EU2020 vision "*To gear the single market to serve the Europe 2020 goals requires well functioning and well-connected markets where competition and consumer access stimulate growth and innovation*" and help fulfil President Barroso's commitment to "*plug the gaps in today's single market and to ensure that the benefits of the internal market get through to the final consumer*". It will also make a significant contribution to deliver on Digital Agenda and the EU2020 commitment to develop market monitoring within the Single Market.

(ii) How does this initiative relate to past and possible future initiatives, and to other EU policies?

The study would be a complement to the Commission communication of November 2009 on cross-border e-commerce by tackling the broader challenges holding back e-commerce in the EU and preventing it from reaching US levels. It will also be a part of the natural follow-up to the planned strategic CWP 2010 communication on the retail sector, which is likely to identify e-commerce as a major aspect of the retail sector that is underperforming. It is very closely linked to other policies on consumer rights, sustainable consumption, competition policy, postal services, the digital agenda and innovation, given the importance of e-commerce to innovation in retail.

What are the main problems identified?

Although e-commerce is growing steadily in the EU, take-up of e-commerce is still limited and below US levels for most Member States. There are problems of take-up and access on the consumer and retailer side which are holding back the potential of e-commerce and the internal market to deliver a more competitive, innovative and sustainable retail sector. While the reasons behind the problems of cross-border e-commerce have been studied by the Commission, the challenges for e-commerce as a whole, especially on the demand-side are poorly understood. The study would deliver a comprehensive understanding of the issues holding back e-commerce, notably for consumers but also for retailers, especially SMEs.

Who is affected?

The lack of a detailed analysis of the problems holding back e-commerce in the EU especially on the demand side, is an obstacle to the development of a digital agenda and

policy around e-commerce based on a thorough understanding of the challenges we face. The lost potential of e-commerce in the EU is a problem for all consumers, whether they shop online or offline, as offline retailer behaviour is affected by the presence of active online competition. The lack of consumer confidence and take-up of e-commerce is also a significant problem for retailers, especially SMEs.

(i) Is EU action justified on grounds of subsidiarity? (ii) Why can the objectives of the proposed action not be achieved sufficiently by Member States (necessity test)? (iii) As a result of this, can objectives be better achieved by action by the Community (test of EU Value Added)?

The EU is significantly better placed to carry out such market studies at EU level to deliver the benefits of comparison between Member States and economies of scale in data gathering (e.g. surveys). The results of the few national studies that exist will be incorporated into the study.

B. Objectives of EU initiative

What are the main policy objectives?

To identify the underlying causes behind the relatively low take-up of e-commerce within the EU and to better understand the inter-relationship between online and offline commerce in order to obtain a thorough evidence basis for future policy initiatives around e-commerce. DG SANCO commissioned a study on the take-up of cross-border e-commerce in 2009. Further information is needed on consumer attitudes to e-commerce, on the actual consumer experience of e-commerce (tested through mystery shopping) and on comparative pricing online and offline, to identify the size of the potential of e-commerce and to understand the inter-relationship between online and offline retail. This will yield policy insights into the conditions under which e-commerce and the Internet can provide transparent information to consumers in retail markets, spur innovation, and improve quality and comparability. In addition, it will yield insights into the role of information intermediaries (e.g. price comparison websites) and to what extent offline and online sales channels are complements or substitutes of each other (e.g. consumer cross-channel behaviour and multi-channel retailing), and the implications for how policy makers approach regulation and integration of retail markets in the EU.

Do the objectives imply developing EU policy in new areas or in areas of strategic importance?

No, such studies fall well within existing competences for the internal market and consumer policy.

C. Options

(i) What are the policy options? (ii) What legislative or 'soft law' instruments could be considered? (iii) Would any legislative initiatives go beyond routine up-date of existing legislation?

The only alternative would be no action, i.e. no study.

Does the action proposed in the options cut across several policy areas or impact on action taken/planned by other Commission departments?

The study will be of interest for competition, digital agenda, internal market, consumer rights policies. As for the previous communication on cross-border e-commerce, the study would involve all other concerned DGs and deliver relevant analysis for a number of policy areas.

Explain how the options respect the proportionality principle

The costs of the study represent a tiny fraction of the e-commerce market, actual and potential.

D. Initial assessment of impacts

What are the significant impacts likely to result from each policy option (cf. list of impacts in the Impact Assessment Guidelines pages 32-37), even if these impacts would materialise only after subsequent Commission initiatives?

The main impact would be to provide a detailed understanding of the challenges and problems for e-commerce in the EU. Future policy recommendations could focus on internal market or consumer legislative, enforcement or information initiatives to improve consumer confidence in e-commerce and enhance the ability of retailers and SMEs to use e-commerce.

Could the options have impacts on the EU-Budget (above 5 Mio €) and/or should the IA also serve as the ex-ante evaluation, required by the Financial Regulation?

The cost of the study is estimated at 900.000 euro, which is already budgeted for in 2010.

Could the options have significant impacts on (i) simplification, (ii) administrative burden or on (iii) relations with third countries?

The study could identify the need for simplification or reduction of the administrative burden in order to facilitate take-up of e-commerce.

E. Planning of further impact assessment work

When will the impact assessment work start?

As a market study, no IA required. The process of the study would be conducted in a similar way to an IA steering group (as for the previous market study on cross-border e-commerce).

(i) What information and data are already available? (ii) Will this impact assessment build on already existing impact assessment work or evaluations carried out? (iii) What further information needs to be gathered? (iv) How will this be done (e.g. internally or by an external contractor) and by when? (v) What type and level of analysis will be carried out (cf. principle of proportionate analysis)?

Data on consumer and business take-up of e-commerce have been collected by ESTAT. DG SANCO commissioned a study on the take-up of cross-border e-commerce in 2009. Further information is needed on consumer attitudes to e-commerce, on the actual consumer experience of e-commerce (tested through mystery shopping) and on comparative pricing online and offline, to identify the size of the potential of e-commerce and to understand the inter-relationship between online and offline retail. A contract will be signed with a consortium to deliver the research under the DG SANCO market study framework contract.

Which stakeholders & experts have been/will be consulted, how and at what stage?

Consumer NGOs, e-commerce retailers and SMEs.