



EMOTA

The European eCommerce
& Omni-Channel Trade
Association

**Industry effort/best practices
to ensure safety of product sold online**

Beijing, 23 June 2016

Presentation

About Us

The EU Market

Regulatory context

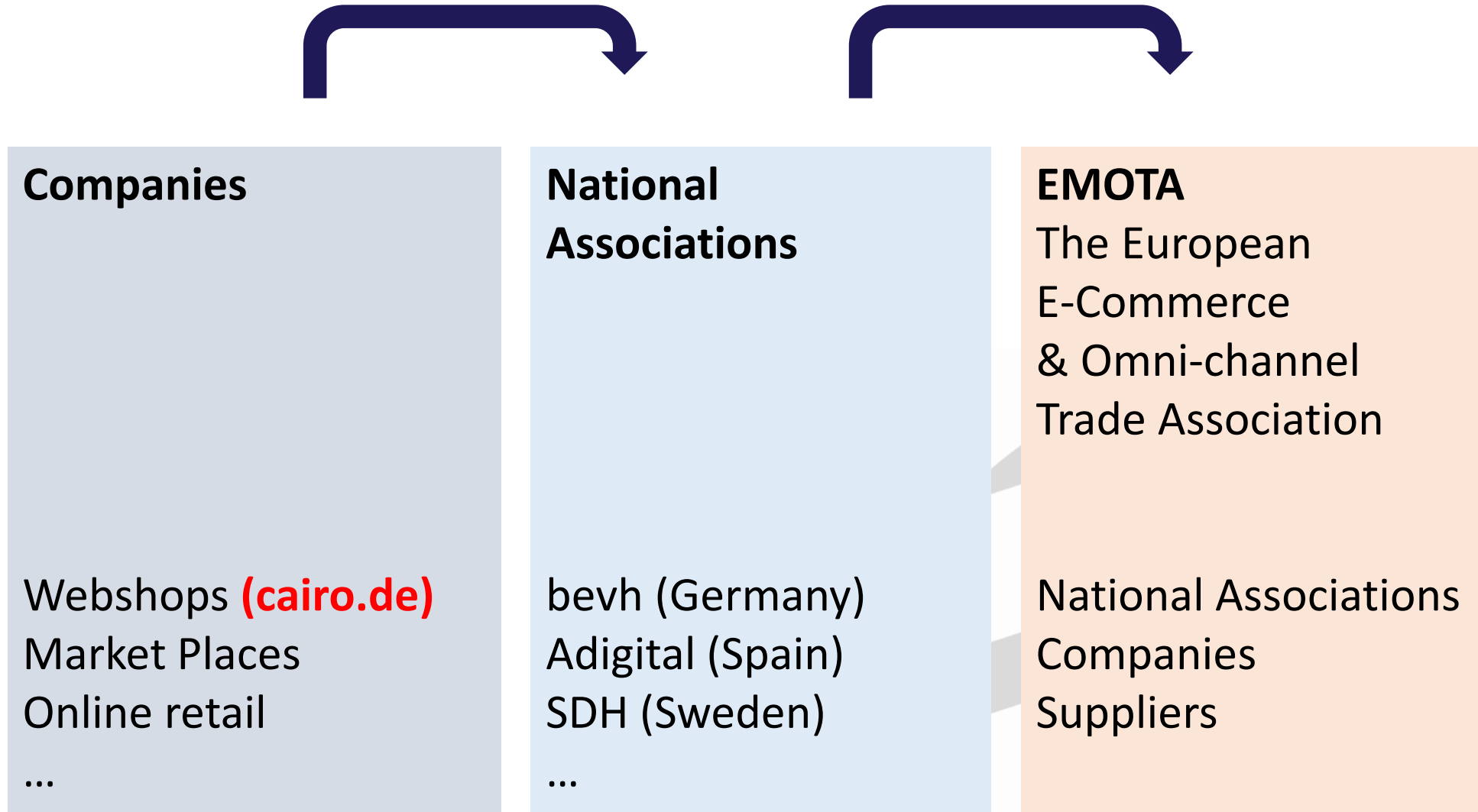
Parts of Distribution Channel

Role of associations

Case study

Conclusions





Secretariat, Brussels

Executive Board

General Meeting

Legal & Government Affairs Committee

Supply Chain Committee

Dialogue on Product Safety

- Market Places
- Webshops
- Logistics
- Associations
- Producer
- ...

European Trust Mark

bevh – the German e-commerce association

- German E-Commerce & Distance Selling Association
- Established 1947, located in Berlin
- President: Gero Furchheim
- More than 500 Merchant-Members (OTTO, Cyberport, Amazon, H&M, QVC, ...)
- About 130 Preferred Business Partners (Google, PayPal, Deutsche Post DHL, PostNL,...)
- Cooperation with China Express Association
- Lobbying, Networking,
- Consultancy, Conferences, Knowledge
- => Committee on Market Places
- => Ad-hoc group on product safety





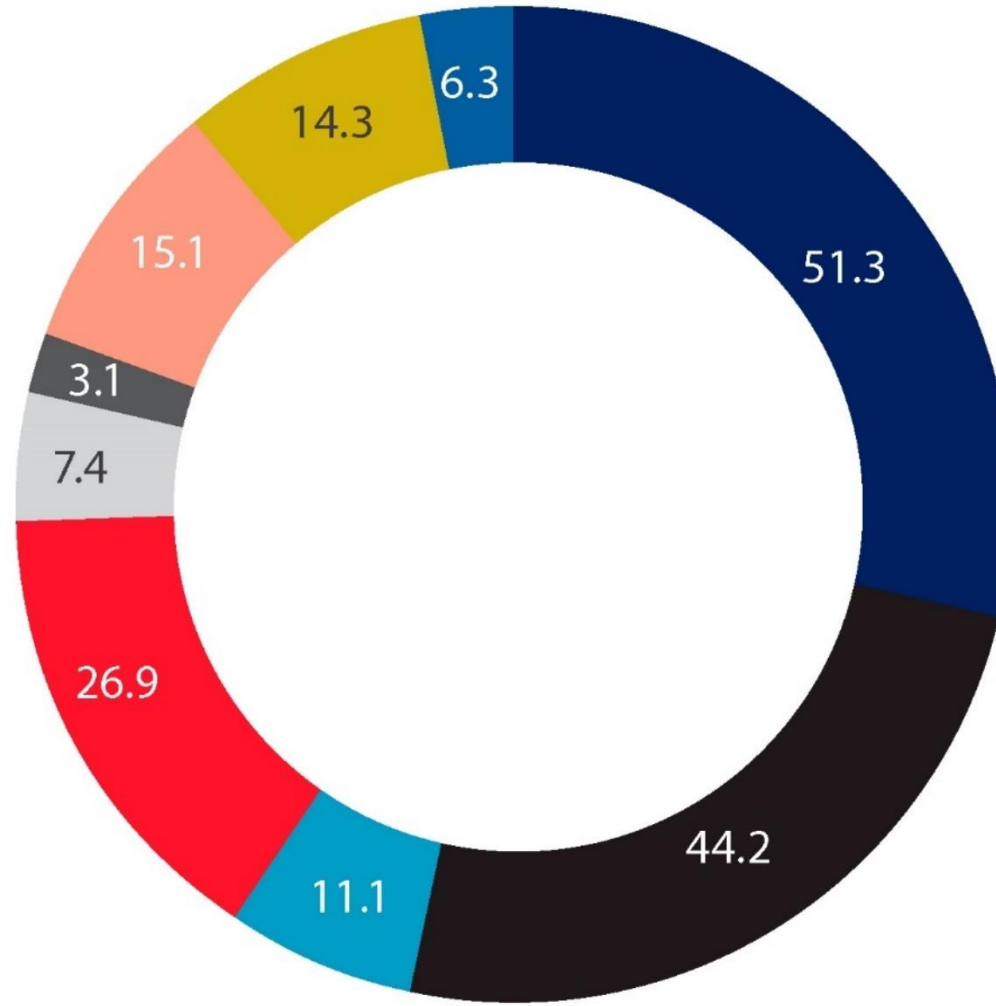
- Established 1995 by buying group of brick and mortar furniture dealers
- Multi-channel retailer for high-end design furniture and accessory
- Next day delivery in Germany, stores in Frankfurt, Nuremberg and Munich
- Cross-border business in France, Austria and Switzerland

eCommerce

A €400 billion market in the European Union



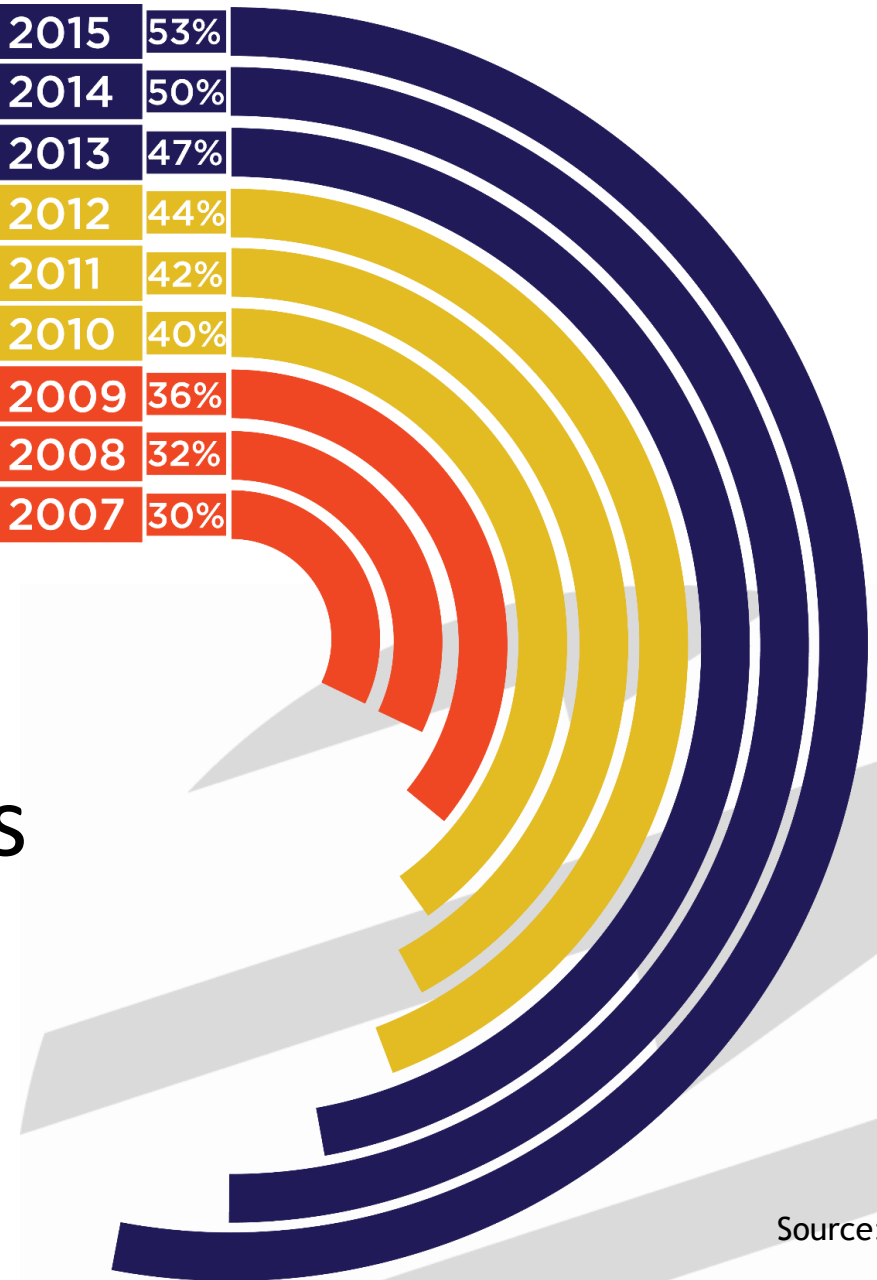
E-commerce sales 2014 (EUR billions)



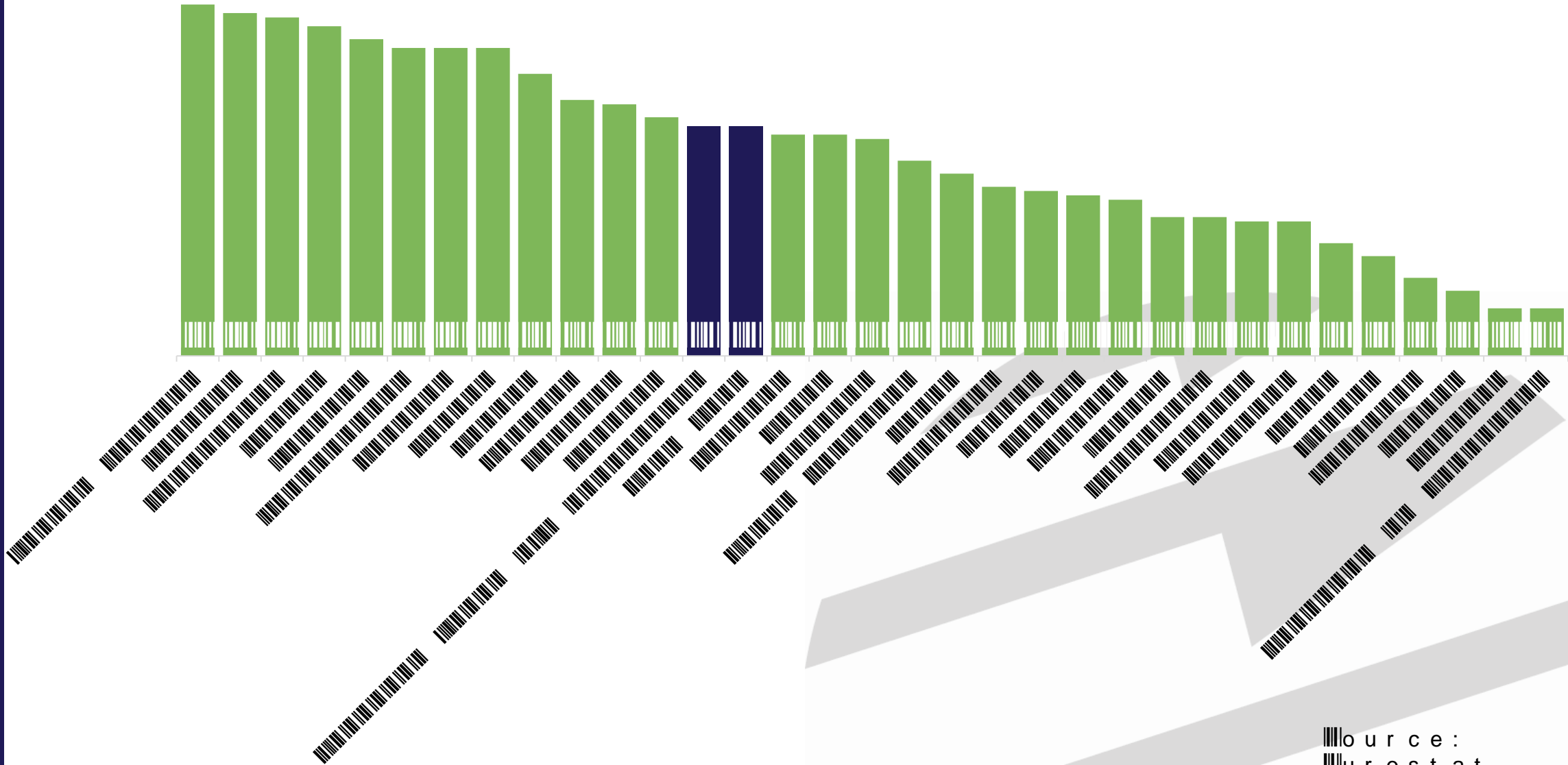
■ United Kingdom ■ Germany ■ Nordics ■ France
■ Netherlands ■ Belgium ■ Spain ■ Italy ■ Poland

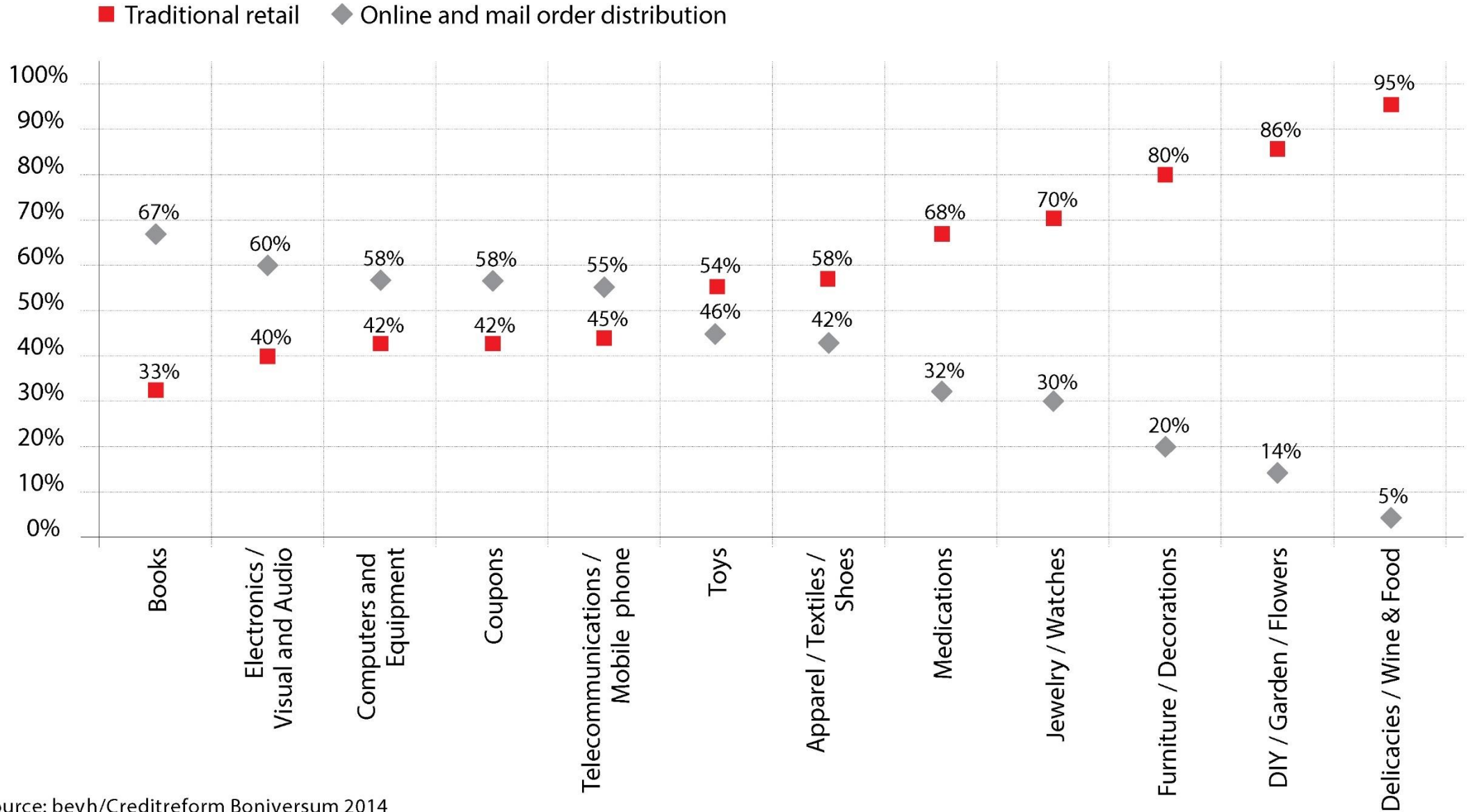
Percentage of population that bought items/services online from 2007 to 2015

2015	53%
2014	50%
2013	47%
2012	44%
2011	42%
2010	40%
2009	36%
2008	32%
2007	30%



Percentage of population that bought items/services online in 2015





Source: bevh/Creditreform Boniversum 2014



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Policy Issues

- VAT
- Data protection
- Logistics
- Platforms
- Consumer rules
- Digital contents
- Payment services
- Competition
- Geo-blocking
- Product legislation



Enforcement



Product Rules

- Toy Directive
- Cosmetics Directive
- ...

Horizontal Rules

- REACH
- RoHS
- ...

Quality

- Beyond law
- Branding
- ...



Manufacturing

Distribution

- Logistics
- Wholesaler
- Fulfillment center
- Retailer
- Market place



Consumer

- Consumer legislation
- Market pressure
- Complaints mechanisms
- Rapex
- ...

Dialogue on Product Safety

- Start Spring 2016
- Participants
 - Merchants
 - Market places
 - Associations
 - Logistics
- Aims
 - Increase communications
 - Exchange information
 - Perhaps more

Key Principles to guide improvement in product safety

- Educate and proactively engage manufacturers and sellers on pre-existing rules to create a clear path to compliance through scalable processes including those driven by regulatory authorities.
- Disseminate information to educate consumers on applicable rules, how to notify authorities regarding product safety concerns and where assistance can be found.
- Strive for rules to be implemented and enforced in a simplified, uniform manner that supports the principles of the Single Market, worldwide standardization (where appropriate) and ultimately increases adoption.
- Share insight and data on best practices to facilitate the identification of trends and areas in which improvements can be made.
- Work towards enforcement cooperation partnerships with key intermediaries.
- Endeavour to provide sufficiently detailed and accurately directed notifications between stakeholders to enable effective corrective action.
- Develop procedures which take advantage of online operators' ability to reach consumers of products against which corrective action has been taken.
- Commit to the ongoing development of measures for the protection of all.

Expert Group on Product Safety

- Established autumn 2015
- Members are product safety specialists from
 - Merchants
 - Market places
 - Law firm
- Aims
 - Bi-lateral contacts to increase mutual understanding
 - Link to politics, regulators and industry

Main functions

- Agreement with manufacturers/suppliers
- Logistics
- Marketing and Sales
- Agreement with consumer

Best practices

- Effective relations with suppliers
- Random checks before shipment
- Consumer complaint mechanisms
- Rapex control a.o.
- Recalls
- Emergency procedures



CAIRO and Product Safety – as importer

- vendor management system established in cooperation with external testing company (Intertek – using a contact out of a study trip of bevh)
- check of existing certifications (test protocols for CE label, general certifications)
- factory visits
- random inspections before shipment
- documentation
- careful selection of products by experienced buyer where no label is necessary (furniture produced in craftsmanship)

CAIRO and Product Safety – as dealer

As dealer with products manufactured in the EU or bought from EU importers

- product recalls in two cases in 20 years of company history
- one case based on Rapex announcement in Sweden and France (smoke detector – alarm volume was not high enough)
- one case with alert to Federal Institute for Occupational Safety and Health (BAuA) (air purifier – risk of filter becoming too hot with potential risk of fire)
- advantage of mail order business: customer is identifiable and may be contacted

CAIRO and Product Safety – general

- inspections of goods arrived
- customer feedback and return rates are evaluated in buying process
- immediate delisting of products which do not fulfill our quality criteria
- “mail order business is trust business”

Conrad Electronic as an „Importer“



Necessary activities to ensure the quality and safety of new products

Case Study 'Conrad'



Case Study 'Conrad'



Facts & Costs

List of test criterias:

- **Safety:** according to the guideline of the European Standards (EN...; GPSG)
 - **Functionality:** implementing / usage of the product in combination with the the manual
 - **Processing:** spot check regarding the mechanics (casing, display, assembly of parts ...) of finished products.
 - **Technical Data:** inspection of technical specifications
 - **Identification:** inspection of the labeling required by law on the product and packaging.
 - **Certificates:** inspection of the attached test reports and drawing up of the required declaration of conformity.
 - **Manual/Packing:** Create manual und packing for end-user according to actual application- and safety standards
 - **Internationalisation:** inspection of the technical restrictions for possible distribution countries
-
- More than 2000 sample-tests per year
 - More than 5000 inspections per year
 - Additional 3200 technical income controls per year in Germany

There are more than 40 employees (intern and extern) in charge for this activities

Costs in total are more than 800.000 USD per year!

Need for

- International cooperation
 - Sharing best practices
 - Exchange Information
 - Cooperation between authorities & stakeholders
- Launch of global rapid alert system
- Level playing field



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& Omni-Channel Trade
Association

EMOTA.eu

@emota_ecommerce

Rue de L'Industrie 4

B-1000 Brussels, Belgium

Tel: +32 2 213 74 20

