



ERRT Comments:

Preliminary Report of the European Commission e-commerce sector inquiry

The European Retail Round Table (ERRT) welcomes the important work that is currently being carried out by the European Commission's Directorate General for Competition in its e-commerce sector inquiry. The preliminary report of the e-commerce sector inquiry has revealed a number of significant and serious market trends of how the growth of e-commerce is impacting the traditional business landscape.

The large retailers represented in ERRT are at the forefront of the digital transformation and are having to continuously adapt to the new realities of the evolving digital single market. For large retailers, this is a transformation that is consumer driven. Therefore, they need to adopt and integrate omni-channel business models to continue to provide consumers with greater choice, more convenience, personalised offerings and better prices. Moreover, large retailers already operate in a challenging environment. The rapid evolution of e-commerce is a major transformative trend that erodes traditional market dynamics, sees new market competitors appearing in an already highly competitive sector where there now exists a much lower threshold for market entry.

The preliminary results of the e-commerce sector inquiry confirm what is being witnessed by large retailers in their own daily experience: some suppliers are deliberately re-segmenting

the market. Manufacturers have responded to the growth of e-commerce and the ensuing increase in market transparency and price competition, by adopting a number of practices in order to better control the distribution of their products and the positioning of their brands. The competition department of the European Commission correctly speaks about 'a renaissance' of restrictive distribution arrangements. ERRT is particularly concerned by the following outcomes of the e-commerce sector inquiry:

- over two in five retailers face some form of price recommendation or price restriction from manufacturers;
- almost one in five retailers are contractually restricted from selling on online marketplaces;
- almost one in ten retailers are contractually restricted from submitting offers to price comparison web sites;
- over one in ten retailers report that their suppliers impose contractual restrictions on cross-border sales.

If we are serious in Europe about creating a Digital Single Market, these types of contractual sales restrictions pose serious problems. They make cross-border shopping or online shopping more difficult and harm consumers by preventing them from benefiting from greater choice and lower prices in e-commerce.

