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One-and-a-half years after the European Commission proposed a string of new laws aimed at making it easier for e-commerce businesses to sell and for customers to buy across the EU, negotiations on those bills are trudging ahead at different speeds.

The Commission wanted to get rid of discrimination against e-commerce businesses and online shoppers, based on where they are in the EU, and to help companies expand by making it easier for them to sell across the bloc.

Now, some observers say the piecemeal approach means it will take a long time until the market is less fragmented.

There have been snags in some of the Commission's marquee proposals: member states have barely touched a proposal on the sales of goods, a handful of countries are objecting to a plan to lower VAT rates for digital content like ebooks and a duo of small states were overruled last year when they protested against a high-profile ban on geoblocking, the practice of restricting users in certain countries.

One idea behind the the EU executive's proposals was to boost cross-border sales. Another goal was to make it easier for business to sell online in general and for shoppers to buy from e-commerce sellers.

The Commission has cited 2014 figures showing that only 37% of EU-based retailers sell online in their home countries, while 12% of total retailers sell online to consumers in other member states.

"Not all is perfect," said Agustin Reyna, leader of digital policies at the European Consumer Organisation. Geoblocking, high delivery costs and restrictions on debit cards make it hard for some consumers to shop online, he added.

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“350 million people per day use the internet and so many of those people buy online. If sales channels change like that we have to adapt our rules,” said Belgian centre-right MEP Pascal Arimont (EPP), who is responsible for the European Parliament’s report on a draft bill affecting online sales.

Last week, the Parliament’s in-house research service backed Arimont’s plan to expand the law to apply the same rules to offline sales, so the two areas fall under the same rules for warranties and liability. The Commission proposed that bill and another, separate piece of legislation affecting sales of digital content like video games on the same day in 2015.

Arimont and the lead MEPs on the digital content bill have coordinated their meetings on the two files. If MEPs approve the extension to cover offline sales, the two bills together will cover purchases made in offline stores, goods bought online and digital content.

“If we have one set of rules for the three kinds of sales, a consumer doesn’t have to ask himself, ‘What am I doing right now, which one of the three laws do I have to comply with?’,” Arimont said.

“In my view this is a huge step towards the digital single market.”

So far, member states are moving more slowly on how the bill applies to goods. A spokeswoman for the Estonian Council presidency, which will take over at the helm of member state negotiations next month, said talks on that part of the proposal are planned to continue.

“Estonia seeks to move forward with negotiations on a contract law package to ensure legal certainty and clarity for entrepreneurs and consumers engaged in cross-border trade,” the spokeswoman said.

Industry groups argue that if the proposals on online and offline goods sales, as well as for digital content aren’t agreed in tandem, ecommerce businesses will have to keep dealing with different national rules across the EU.

“It will not boost e-commerce in a very strong way if you cannot extend the scope of this proposal” to apply the same rules to online and offline sales, said Luca Cassetti, a policy adviser at lobby group Ecommerce Europe.

Big retailers like Amazon have more resources and legal staff to comply with different national laws across the EU.

“But if you’re a small or medium-sized enterprise, you don’t have the same resources. You might have a very limited team managing a web shop. The more you have to go cross-border, the more you have to think about that,” he said.

Other pieces of the Commission’s e-commerce strategy have hit rocks early on in negotiations.

The bill to get rid of geoblocking on e-commerce websites has moved into three-way discussions between member states, the Commission and MEPs. Last year, Austria and Luxembourg opposed the legislation, arguing that it would hurt SMEs.

Ministers are currently fighting over the Commission’s proposal to overhaul how VAT is applied to ebooks, games and other digital products. France pushed for the reduction after it faced pressure from the European Court of Justice over its lower national rate for ebooks.

Andrus Ansip, the Commission vice-president in charge of digital policies, called the VAT proposal “the last piece in the puzzle” when he proposed the change last year.

“The Commission is following through on its vow to unlock e-commerce in Europe,” Ansip boasted at the time.

But there were signs last month that the Commission is now starting to look at new problems in the e-commerce sector.

A report from the executive’s competition department DG Comp found that online retailers increasingly rely on contract rules to restrict price comparison tools or other marketplaces that compare prices with competitors.

The Commission will use the data to enforce "competition law on e-commerce business practices that have the most damaging consequences for competition and cross-border trade”.

Reyna of the European Consumer Organisation predicted that there will be limits to what competition authorities can do to police how companies use algorithms to control prices.

“It will be one of the challenges of the years to come to tackle price fixation when companies use price tracking technologies to link its prices to those of their competitors,” he said.
MEP Kaja Kallas told EURACTIV.com in an interview that Europe needs a law guaranteeing data flows across the bloc and shared her concerns about Digital Commissioner-designate Mariya Gabriel.

Kallas is an Estonian MEP (ALDE) in the European Parliament’s Industry Committee (ITRE). She drafted the committee’s opinion on the ePrivacy regulation this year and was rapporteur on the Parliament’s digital single market report in 2015.

You wrote the Parliament's digital single market report in 2015. Have digital borders started to disappear since then in Europe?

I must say being Estonian and maybe coming from the private practice, these things take too much time. I would like to see the development and delivery be much faster, but at the same time I also understand democracy takes time and we have to discuss these things. The general idea of the digital single market is that there would be one set of rules when you operate in the digital world because in the internet there are no borders. This goal is very often lost when we start to discuss details.

There are issues where we have the possibility to create rules from scratch because there are no specific rules in different member states. For example, digital content. When we discuss this or the online sales of tangible goods, people say they want minimum harmonisation. But minimum harmonisation still means we have one set of rules plus 28 different rules. And we still don’t achieve our goal of having the same rules across Europe. I understand where it’s coming from.

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because the member states very often say, 'We have to have the right to decide on these issues'. But we just don't have a digital single market because everybody has their own rules. It's still very hard to sell across borders because you don't really know what the rules are in different parts of Europe. Or it's harder for you to comply with the rules because of the complexity.

**Are we closer to actually having a digital single market now than we were two years ago?**

We are a bit closer but a very small bit closer. We really don't have that much to show yet. All the discussions are still ongoing and the closed files are maybe not such big issues, like portability. Those are not big issues. I would say there were small steps, we are closer still than two years ago but maybe a lot less than I would have loved to see.

**Have businesses or consumers benefitted more so far?**

I don't think it's right to make the distinction. What we always try to see is the balance. On the one hand we are looking into consumers' rights but on the other, we also have to think about the fact that this is the one sector where the European economy is growing. So you don't want to kill it with too much regulation. That will just drive businesses away and then consumers don't benefit. Not to mention jobs that will be driven away.

**You have supported the Commission’s plan to introduce legislation on the free flow of data this autumn. The Commission has struggled to convince some member states and even its own legal service to get that through. Why do you think there should be new legislation?**

The added value of that is that we won't have protectionism that is somehow hidden behind security issues. We had a very interesting digital working group in ITRE about the free flow of data and there were people there from the French government who were against the free flow of data. I didn't hear any good arguments against this. The reason why we need this free flow of data legislation is that the digital economy is very much based on data. If we start to build artificial walls there, then we actually diminish the economy and make it smaller because there are rules saying that you can only keep the data in one country. I asked the French representative, 'Why do you think that keeping data in France is more secure than it is in other parts of Europe? How does the data exchange go?'

They actually didn't have any proof, any evidence or any good arguments. You can always use the security argument but it's not based on anything. What is related to this is that everytime there is a terrorist attack, these issues come to the table. Then somehow we are supposed to limit this, keep information to ourselves and big countries just keep data in their own countries. That means that everybody has to establish servers and companies in those countries if they want to do business with big companies. I think it goes against progress, it goes against innovation because you can build innovation on other people's innovation. Of course if the data is not open, you don't have any of that and that goes against the direction the whole world is going in.

We are making obstacles for ourselves that are not necessary.

**Does there need to be an overarching plan in the digital single market to help companies use data more intelligently?**

I don't think the plan has to come from policymakers’ side. What we have seen from the digital economy is that when you make data open, companies can build on it like we could never imagine. The plan has to be that governments make their data open because it's gathered from taxpayers, it's gathered on the basis of taxpayers' money. What kind of solutions can be provided from that data to make people's lives better? I think this is what the Commission should do on their side to make their own data as well as push for governments to make their data open, and government institutions' as well.

The Commission announced it will regulate online platforms’ B2B [business-to-business] contracts. MEPs have discussed platform regulation a lot. **What do you think the effect could be for the digital single market?**

This is interesting. When we drafted the digital single market report, the biggest discussions and biggest debate we had was about the liability of online platforms. We managed to come up with a position and then afterwards the Commission came with different proposals that in one way or another touch online platforms’ liability issues in different ways, when we talk about AVMS [audiovisual legislation] or copyright. These actually go away from the limited liability regime in the eCommerce directive, which the Commission says it supports and the limited liability regime that Parliament also said it supports. This comes up all the time even although we agreed on that. When we go into details on monitoring obligations, that goes against the limited liability regime. What do we really want? Everytime there is a terrorist attack, somebody comes, now we have Macron, we had Theresa May, who says that there should be liability for hate speech, that platforms should be
liable and we should have backdoors for encryption to get a hold of information. This is something where we should keep our approach intact. Whether we give away the right to decide what is right and what is not right and we give it away to private companies. We give them the right to censor our communications. There is this understanding that this one silver bullet will solve all problems and that is regulating platforms.

**What is the most important thing Estonia can contribute to digital single market discussions when it takes over the Council presidency next week?**

I think we can contribute a lot. One thing is really driving the discussions on digital issues and maybe driving away the fears some of the member states have in relation to that and trying to deliver results on the files. The other thing is also showing members of the Council and maybe also MEPs how digital tools can make their governing work easier. I know they have planned to sign outcomes of trialogues digitally. They opened a digital data embassy in Luxembourg. I think maybe it also helps to reduce fears when you understand how things work.

You were at the hearing of Commissioner-designate Mariya Gabriel last week. If she is confirmed by the Parliament on 4 July, she will be in charge of businesses and society. Do you think she’s ready for that job?

Of course she has a lot to learn but I think what is worrying, what she has to keep in mind everytime you’re not really into a topic, is who your advisors are. Who are you listening to? It could go very wrong. And I was a bit worried when she said in her concluding remarks, ‘I stress that my first priority is Juncker’s priority’. What are your own priorities? It’s like, ‘I’m not going to drive this thing but I’m just waiting to be told what I have to do’. But let’s hope that she will learn about these issues more and then be more confident to make her own decisions.
Whether you’re a furniture maker from Berlin, a traditional Aran sweater manufacturer in Ireland or a Polish wedding stationery designer, there’s no reason why national borders should hold your business back, writes Ciaran Quilty.

Ciaran Quilty is Facebook’s vice president for small and medium businesses, EMEA.

Take for example Alf Nagel, who took his family’s 35-year-old Berlin furniture shop Holzconnection online, found new customers through their Facebook page and now exports their furniture to other countries. Or Malgorzata Bartoszewicz from 4 Love Polka Dots, who, after being unable to find wedding accessories or invitations in the Polish market, decided to make her own. She now ships her beautiful wedding accessories worldwide.

Reaching customers in new countries is no longer the sole preserve of big and experienced companies. Digital technologies enable businesses of all sizes to be multinational and unlock the door to cross-border and international trade.

To have a lasting economic impact, create more jobs and enhance Europe’s overall competitiveness, start-ups and small companies need to prosper and take full advantage of the possibilities of digital technologies to improve their efficiency and productivity, as well as to reach customers and make sales beyond borders.

The European Union’s Digital Single Market initiative has a clear objective of paving the way for more European companies to scale up in Europe and grow globally. After all, the EU is all about making the most of the single market of 500 million consumers, no matter where a

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Having worked with so many fantastic small companies during my time at Facebook, I know there’s a huge opportunity for SMEs to reap the rewards of connecting with more and more people in different countries. More than 1 billion people on Facebook are connected to a business outside their own country, and nearly seven out of 10 people on Facebook in Europe are connected to at least one business in a foreign country.

How Europe’s SMEs can succeed and grow is therefore a central concern for us at Facebook. We measure our success by our ability to create more value for the economy as a whole. At the heart of this lies our work with small businesses, particularly those exciting companies who are innovating, growing and contributing so much to Europe. That’s what my job is all about. So far, in 2017 alone, we have conducted face-to-face training with 12,000 businesses across Europe, and many thousands more in the past few years. Also, almost 2.5 million SMEs and entrepreneurs have taken our online learning course, BluePrint.

We want to make our contribution to Europe’s economic conversation and to actively help more of Europe’s SMEs unleash their full potential and take advantage of the opportunities to grow — not just in their home market but in Europe and further afield.

Ensuring that businesses succeed partly depends on the environment in which they operate. We all know that decisions made in Brussels — as well as in other capitals throughout Europe — have an enormous impact on how small firms and businesses grow in the digital economy.

This week’s Future of Business Summit and Exhibit — which we’re hosting alongside the Lisbon Council — will consider how the EU’s digital policy agenda can support companies to make this leap, without imposing additional blocks to innovation and growth. I’m excited about convening a conversation about how the EU’s digital policy agenda can support companies, and will provide some relevant data from our recent research in collaboration with the OECD and World Bank.

And most importantly, we’ll hear the stories of success and struggle directly from the Nagel family from Holzconnection, Malgorzata Bartoszewicz of 4 Love Polka Dots, and from other founders and leaders of growing small businesses. Each of them has used digital tools and platforms to grow and build their business, connect with customers, grow awareness of their brands and drive new sales.

Their stories are proof that digital is a recipe for success and growth in Europe’s economy. It’s also a message of hope and encouragement to those millions of small businesses and start-ups looking for the help and the route to fulfill their ambitions.

We must hear their voices as we work together to realise the benefits and rewards of Europe’s digital future. Facebook is excited to play its part to help businesses thrive and boost the economy.

The opportunity for businesses to create new growth by going digital will be the focus of Facebook’s first ever ‘Future of Business Summit’, which is taking place in Brussels this week.
Tech companies want the European Commission to propose new legislation in autumn that they hope will bring down data storage costs in some countries. But rumoured changes have worried firms that France could pressure the executive to weaken the rules.

A vocal group of firms have pushed the Commission to introduce a law that would make any national laws requiring storage within one EU country illegal unless the restriction is grounded in security concerns.

Now some companies are concerned that the executive’s proposal, expected in September, will be watered down by loopholes. Several sources close to the drafting process said the Commission is likely to take on a French proposal to include three exceptions guaranteeing authorities’ access to data, a so-called portability right for users to move their data between storage centres and EU-wide security standards for data facilities.

France is the only EU country that outright opposes the legislation, which is now colloquially known as the “free flow of data” proposal. Twice over the last year, more than a dozen countries signed letters to the Commission asking for an EU-wide ban on data localisation laws. Some member states are not sure a law is necessary but haven’t lobbied against it. In May, Commission Vice-President Andrus Ansip confirmed that he will draft a bill by autumn.

By the Juncker Commission’s own estimates, data contributed €272 billion, 1.9% of GDP, to the EU’s economy in 2015. A Commission document from January predicted that “if policy and legal framework conditions for the data economy are put in place in time”, that figure could rise to €643 billion by 2020. The document also mentioned that the executive is looking into data access and portability issues.

THREE EXCEPTIONS

But if the Commission includes those three exceptions, some countries might see it as a downgrade from what they hoped would be an absolute ban on data localisation.

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“For those member states that were pushing for removing the localisation restrictions, it’s an extra hurdle that was added to the plate,” one EU source said.

Companies lobbying in favour of the data rules also said they don’t want those changes to go through.

One tech industry source said measures on portability and security shouldn’t be in the law. “These are gifts to the French government which have nothing to do with the free movement of data in the EU,” the source said.

Countries that want the new rules argue that big member states can force companies to set up data centres within their borders if they have laws requiring data to be stored there. That means member states with no data restrictions can lose out on business.

Several firms that responded to a recent European Commission consultation said they could save money if they were no longer required to store data in one country in order to sell services there.

Microsoft wrote in response to the survey that it cannot offer cloud services in EU countries with data localisation rules if it does not have data storage centres there. Getting rid of those restrictions “would directly contribute to our ability to expand our market base in member state markets”, Microsoft wrote.

Nessa, a Madrid-based banking software firm, wrote that getting rid of localisation laws could have a “multiplying effect in business”.

Other firms said they were not sure if the rules would affect them because they only store data in one country.

### HOT VS COLD COUNTRIES

Ministers and national attachés have debated the plans since last year. Talks have also opened up a split between warmer countries and cooler ones, where firms might save on energy costs for data storage centres.

Countries including Estonia, Denmark, Poland, Latvia, Lithuania, Sweden and the Czech Republic signed the two letters asking the Commission to legislate.

“If we have data localisation measures in big member states, nobody will invest in a data centre in little Denmark,” said Katinka Worsøe, an EU policy advisor at the Confederation of Danish Enterprise.

Worsøe said cool weather and green energy bring down costs in Denmark. She argued the country’s comparatively high labour costs might not be a deterrent because data centres do not employ as many people as factories.

Nordic countries have experienced a boom in data storage business, according to research from Gartner, a tech consultancy. Companies might even have “savings up to 50% to hosting infrastructure in the northern part of Europe” because of weather and energy costs, a 2014 note from the consultancy said.

Several EU officials suggested the rules could encourage companies to relocate data centres. One diplomat predicted the legislation would not cause firms to rush to cooler countries.

“Most data localisation requirements result as much from user preferences as from legal obligations,” said Yann Bonnet, director of the French Digital Council, the government’s digital policy think tank.

Poland has been outspoken in favour of a data law. But its Digital Minister, Krzysztof Szubert, is open to negotiating exceptions.

“The principle of free flow of data needs to be enshrined in European law. We also need to work on a flexible, future-proof and innovation-friendly framework for access, portability and interoperability of data,” Szubert told EURACTIV.com.

### SKEPTICAL STATES

A different group of member states are skeptical that the rules will change anything. Earlier this year, the Commission estimated that there are around 50 data localisation restrictions written into member states’ national laws.

Since then, the executive has scrutinised each country’s laws. Two diplomats said the Juncker Commission told them in May that their countries had a much shorter list of restrictions than previous estimates suggested. That weakened the case for legislation, the two diplomats said.

Even companies and diplomats who want an EU law say the rules would be most useful as a safeguard against any legal changes to put up barriers between countries in the future.

“There are already requirements now, but for us the really big problem would be if more are added. This is a chance for the EU to make sure that the protectionist wings don’t get too much of a go,” Worsøe said.
European SMEs operating in cyberspace need better legislation to facilitate cross-border trade and the Digital Single Market is the best platform to address the issue, writes Alf Nagel.

Alf Nagel is the manager and CEO of German furniture firm Holzconnection.

Borders have been a constant theme of the company I run in Germany, Holzconnection. And because of where I grew up, they’ve been a constant theme of my life as well.

Barriers and borders, of course, had a very different meaning in Europe when we started in West Berlin in the 1980s.

We’ve always wanted to be a different kind of company. We started out because there was no Ikea in those days to provide people with customised furniture that could be adapted to meet their particular needs; Berlin’s high rents made sure that our bunk beds were a really popular product.

So we wanted to be a new and modern type of carpenter, a carpenter 2.0.

In those days, the company’s success depended on having physical shops and getting customers through the doors. Getting ourselves known in Germany was difficult enough, let alone thinking about selling to other countries as well.

The modern digital technology that we now have access to has completely changed the way we run our business and has been central to our success. Even though there are still many barriers to doing business across Europe, it has helped bring down many of those borders and barriers.

We at Holzconnection have brought our expertise into the 21st century through digital technology that helps us engage with customers in a much more effective way. We now have a presence in all the countries where we sell, and we’re able to connect with customers all over Europe.

Europe should tear down digital walls to help SMEs prosper.

OPINION

DISCLAIMER: All opinions in this column reflect the views of the author(s), not of EURACTIV.com PLC.

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century and an important part of that was developing an online store in addition to our 12 ‘bricks and mortar’ locations.

This has made a real and tangible difference to the business.

Through online marketing and platforms such as Facebook, we've been able to build our customer base for both our online and offline stores. We've increased sales by 25%, attracted more newsletter subscribers and had 30% more visitors to our retail stores, all of which allowed us to expand our business, hire new colleagues and create jobs.

As any business owner will tell you, growth and success really depend on reaching new customers and that's what going digital has helped us achieve, particularly in reaching customers outside Germany.

Today, our online presence is vital and has been the driving force of the company over the past 5 years. We have shifted virtually all our marketing activities online and this is helping us sell our products not only in Germany but to many other customers throughout Europe.

But setting up shop in cyberspace to reach customers in other countries has not been an easy task and still continues to hold back too many entrepreneurs. My experience is that selling products or services in different European countries is difficult when there are so many different laws and rule books.

When our company started to do business in France, Austria, and Switzerland, a significant part of our resources and efforts was spent dealing with local legislation for shipping and complying with different rules on issues such as return policies.

What European SMEs like ours need from Europe, first and foremost, is the oxygen to grow. Europe needs to ensure that important legislation affecting digital cross-border trade is as similar as possible across the EU.

Big companies have the resources to deal with such bureaucracy. Smaller companies don't, and that often discourages them from exploring new opportunities and new markets.

That's why we think the EU Digital Single Market is a vital opportunity to try to make things easier for small companies that want to use digital technology to grow their business and create jobs across borders.

European SMEs should repeat this message over and over and should continue to communicate their needs and wishes to the national and European politicians. That’s the message I have delivered at this week’s Future of Business summit, jointly hosted by Facebook and the Lisbon Council.

Helping European SMEs like ours to get their innovative products and services to customers in different European countries, cutting down on the complexity and costs, and opening the doors for cross-border trading for online companies – that is what the Digital Single Market is all about.
Some people are being left behind by the digital revolution. But how do you help people who don’t want to be helped?

The digital transformation is spreading through the European economy like a tsunami. Some people are riding that wave — with small and medium-sized enterprises (SMEs) being some of the most frequent beneficiaries — while others are being crushed under it.

This week, Facebook and The Lisbon Council brought founders of successful start-ups from across Europe together at an event in Brussels to connect with EU lawmakers. At the Future of Business Summit, the SMEs were asked what has worked for them to get their businesses off the ground, and what has gotten in the way.

One thing became clear during the course of the day’s discussions: to be successful in 2017, an SME must embrace new digital technologies. What also became clear was that some good ideas are getting lost because the people with the ideas are lacking those digital skills.

Kaja Kallas, a liberal Estonian member of the European Parliament, revealed that she has recently conducted a survey in Estonia and found that the same people who ranked their technical knowledge as low also indicated that they have a low interest in learning new digital skills. “How do you help people that don’t want to be helped?” she asked.

Eva Maydell, a Bulgarian centre-right MEP, agreed. She told the SMEs that some countries are doing more than others to encourage this learning. For instance, she said, Belgium has set aside €18 million to teach people digital skills. She asked the European Commission to do more to facilitate digital training.

“The problem is that still so many
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SMEs in Europe don’t know about existing programs,” she said. “And it appears that traditional industries and SMEs are not so open to what’s out there.”

But Khalil Rouhana, deputy director-general of the European Commission’s communications and technology department, said there was a limit to what the EU can do because it is up to national capitals. “Skills and education are a member state competence,” he said. “But we can share experiences.”

He noted that increasing digital skills is one of the four pillars of the Commission’s technology program. Last year the Commission published a skills agenda for Europe, aiming to tackle the digital skills deficit. It chiefly aims to make digital skills qualifications more visible and comparable across Europe. A communication on digitising European industry was also released last year.

Last month the Commission published a mid-term review of its Digital Single Market strategy, finding that there is still a worrying gap in the uptake of these skills.

“It’s about building the digital industry of the future, and that industry is not necessarily what we know today,” Rouhana said.
SMEs are harnessing the power of digital, but continue to face regulatory hurdles

Social networks present new opportunities for SMEs to grow. But some worry that privacy requirements are stifling that growth.

Victor Dik and Felix Ermer were a German duo hanging out in Brooklyn, New York in the summer of 2012 when they stumbled upon a gap in the beauty product market. They wanted to look and feel good, without feeling bad about it. But they found that there weren’t any natural, plant-based and cruelty-free male grooming products on the market. They decided to make some.

At a time when big companies were going big on investing in male grooming products, they decided to stand out by founding the Brooklyn Soap Company as a fair trade alternative. They offer organic vegan male beauty products with a particular focus on beard grooming. They had to find a way to reach their target audience – young millennial men who may not yet know they even want such a product. So they turned to Facebook and its targeting advertising.

“That was the only way we could actually achieve this goal because if you don’t have $10 million per year in media spending there’s no other way to do it,” Ermer told EURACTIV.com. “You have to be good with online marketing. It’s the only way you can spread the word.”

Ermer and 13 other European SME founders were gathered in Brussels on Thursday (29 June) at a Future of Business summit. The event, hosted by Facebook and The Lisbon Council, looked at the way online platforms are being used by small and medium-sized enterprises (SMEs). The attendees spoke with EU policy makers and politicians about how they are using e-commerce for their growing businesses, and how EU policy could make it easier. In some areas they wanted the EU to get more involved. In other areas, they wanted the EU to butt out.

UNHELPFUL LEGISLATION

Though it was born in New York, Brooklyn Soap Company is now based in Hamburg. Ermer says that digital platforms such as Facebook have been key to the company’s growth,

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particularly given its cross-border customer base, who largely encounter the product through social network advertising before ordering it. But he says that European regulation has sometimes gotten in the way of the company’s growth.

“We need to be very careful with our marketing budget, and us as a European company, we are at a disadvantage compared to companies in the US because of EU data protection rules,” he says. He worries that the strict EU data protection rules are giving European companies extra hurdles that are not faced by US companies, where data protection rules are much more lax.

Daniel Gorr, the chief marketing officer of the German tailored furniture company Holzconnection, also said his company has been frustrated by EU data protection requirements.

“Politicians don’t know anything about digital,” he said. “In Germany when you bring up data protection, it gets you votes. But it doesn’t help us.” He said the EU ePrivacy Directive, which requires users to be informed if websites use cookies to store information about visitors, has been particularly unhelpful.

**PLATFORM OUTREACH**

There are nearly 70 million businesses around the world on Facebook, and five million of them invest regularly in ads. Thomas Myrup Kristensen, managing director of EU affairs at Facebook, explained that this is opening a new world of cross-border opportunities. Over one billion people are connected to a business outside of their home country on Facebook.

“People think of Facebook as a place to share wedding and vacation photos…but we are actually a facilitator for business,” he said. But he also complained that overly burdensome EU regulation on issues like privacy can have the impact of stifling this growth. If legislation doesn’t have enough flexibility, he said, companies will spend their time and resources on legal compliance rather than grow their businesses.

“If they have a choice to hire a lawyer or an engineer, with all due respect to lawyers, I think they should hire the engineer,” he said.

All of the SMEs in attendance said social media engagement with their customers had proved crucial during their early growth phase.

Patrick Kelly, the marketing manager at Aran Sweater Market in Ireland, described how his company uses the platform differently from most. Unlike Brooklyn, which usually meets their customers online first, Aran meets them in person first and then follows up with them online.

“Someone who’s visiting Ireland, they experience our brand, they buy the product, then they go home,” he said. “Digital allows us to keep in contact with that customer and make a connection with them.”

Kelly noted that even cherished physical items like his hand-crafted traditional sweaters are now going digital. Whether its furniture, beard oil or sweaters, customers are engaging with products online.