

INTERIM REPORT IN THE CONTEXT OF THE SECTOR INQUIRY INTO E-COMMERCE UNDER ART. 40

I INTRODUCTION

I.1 PURPOSE AND SUBJECT-MATTER OF THE SECTOR INQUIRY

1. In modern times, both consumers and businesses benefit from the many and significant advantages of digital stores and platforms over traditional, physical distribution channels. E-commerce is undoubtedly, after all, a key driver of promoting pricing competition due to the many and manifold advantages of online retailers, such as, for example, their lower operating costs, the immediacy of transactions and ease of product search. At the same time, online platforms act as intermediaries between retailers and consumers, allowing the latter to search for products and compare prices, eliminating the associated search costs. Artificial intelligence, the use of algorithms and the potential for exploitation of big data enhance the already dynamic nature of e-commerce, with significant benefits for consumers.
2. E-commerce further allows the productive part of the market to make use of an unlimited distribution channel and ensure access to countless markets, both inside Greece and abroad, thus contributing to the transformation of the Greek economy and the strengthening of its outreach. Internet and e-commerce provides access to consumers, overcoming geographical and other technical constraints, and thus enabling producers to develop and expand their activities, to invest in research and innovation, to design and introduce products and services that will be competitive and accessible worldwide. It may also contribute to promoting Greek brands and, in general, to contributing to the productive restructuring and development of all sectors of the Greek economy.
3. At the same time, E-commerce may disrupt established conditions and structures in every market. It offers a unique opportunity to spread new ideas and implement initiatives by start-ups in creating collaborative innovation clusters and ultimately to attract experts in the digital economy, so as to recover from the relative brain drain that the Greek society has suffered in recent years.
4. However, the development of e-commerce, artificial intelligence, the use of algorithms and the potential for exploitation of Big Data can, in some cases, facilitate the adoption of practices which are detrimental to consumers.
5. Until recently, the Hellenic Competition Commission (HCC) has not taken any initiatives in the digital economy. In the last two years, however, the competition law enforcement in e-commerce - and in the New Economy in general - has become to a priority for the Authority, in view of the growing dependence of Greek consumers on the online distribution channel. The importance that the current Administration of the HCC attaches to the digital economy is demonstrated by the creation in November 2020, within the Directorate-General for Competition, of the Directorate of Media, Online Services and E-Infrastructure (Directorate F), responsible, mainly, for the business sectors of e- infrastructure, IT and the Internet. In view of the above, the present sector inquiry should be placed in the broader context of redefining the priorities of the HCC, as a first step in mapping the e-commerce sector in Greece and identifying anti-competitive practices that prevent consumers from benefiting to the maximum extent possible from the competitive advantages offered by transactions over the internet.

6. In view of the above, the HCC has initiated by decision of 11.03.2020 a sector inquiry into e-commerce, exercising the respective powers conferred on it pursuant to Article 40 of Law 3959/2011. From the conjunctural point of view, the conduct of industry research in e-commerce coincides with the of the coronavirus (Covid-19) pandemic which has noticeably increased the dependence of consumers on the commercial activities of online platforms and retailers. In this sense, the present sector inquiry is part of the wider range of actions undertaken by the HCC for consumer protection during this challenging period but also for the strengthening of the online economy in Greece.
7. This sector inquiry was designed, in principle, to provide an in-depth description of digital markets in Greece and to analyse key issues related both to the conduct of undertakings and the regulatory framework. It should be noted that although the inquiry mainly focuses on purely competition issues (within the meaning of art. 40 of Law 3959/2011), it also highlights issues that, albeit similar, do not fall *stricto sensu* within the HCC's competence, such as issues relating to consumer protection, the use of Big Data, implementation of Regulation (EU) 2019/1150 (P2B Regulation) etc.
8. The sector inquiry into e-commerce aims to help the Hellenic Competition Commission to gain a more complete picture of the competitive conditions prevailing in the digital environment with a view to enhancing consumer welfare and boosting innovation as well as to actively contributing to the restructuring of the economy and the digital transformation of the country. After completion of the inquiry, the HCC will be able to intervene having a better and more comprehensive understanding of the sectors concerned either repressively or by taking initiatives to promote specific competition policies or regulations in the relevant sectors.
9. This Interim Report marks the completion of the first phase of the sector inquiry into e-commerce. The Report itself, as well as its executive summary, will be published to give the interested parties the opportunity to submit their views through written submissions and/or through their participation in a public consultation. As a next step, the need for new investigation measures will be weighed and any results therefrom will be taken into account in the publication of the Final Report.

I.2 FOCUS AND SCOPE OF THE SECTOR INQUIRY

10. In order to ensure the thorough approach required to the issues under consideration, the HCC has opted at this particular time to focus on specific sectors of the B2C e-business activities¹, namely on the markets for:
 - sportswear and footwear,
 - electric appliances,
 - household electronic devices,
 - books and
 - dietary supplements and parapharmaceuticals².

¹ E-commerce by businesses to consumers (B2C) includes the sales of retailers to individual consumers via the Internet.

² The proposed structure of the sector inquiry into e-commerce was characterised at its starting point by an equal emphasis on both popular products and services with an increased level of penetration in the online distribution channel. However, all service industries (except mediation services to provide catering services) were among

I.3 METHODOLOGY AND INVESTIGATION MEASURES – PARTICIPANTS IN THE SECTOR INQUIRY

11. The sector inquiry was designed with the aim of maximising the participation of all stakeholders (consumers, businesses of all levels of the product value chain, sectoral and other institutions). In this context, the HCC used a variety of methods to collect the necessary data, in particular by organising an open consultation, sending out a series of questionnaires and conducting a consumer survey.
12. More specifically, in **March 2020**, the HCC invited any interested party to submit written observations and comments on the prevailing competitive conditions and existing problems in e-commerce, as well as to express interest in participating in a consultation with HCC officials, which designed with the prospect of functioning as an interactive forum for the exchange of views on the digital environment. Written submissions were provided by consumers, undertakings and various organisations, while their content co-formed the agenda of the tele-consultation that followed in **June 2020**.
13. Also in **June 2020**, the Drafting Team sent concise / preliminary **questionnaires to the online platforms**³ that are active in the industries under consideration asking their opinion on the specific focusing of the inquiry and in order to collect contact and other information regarding the business users (retailers and service providers) collaborating with them.
14. Taking into account the issues to be investigated that have arisen so far and after processing the information provided by the online platforms regarding retailers in order to select the sample⁴,

those severely affected by the economic consequences of the pandemic. Various circumstances, such as the drastic reduction of tourist traffic in the summer of 2020, a period during which the sector inquiry was launched, the cancellations of ferry and air routes or the operation of the latter under passenger rate restrictions, the massive cancellations of accommodation bookings, events and shows or the operation of the respective areas under restrictions on occupancy rates, could only drag into recession any other economic or business activity or any activity directly or indirectly related to the affected sectors. These market failures continued throughout most of the inquiry period and only in the last two months before the adoption of the present, and after almost a year of the health crisis, a certain halting of its adverse effects is becoming apparent. Therefore, and due to the prevailing exceptional circumstances, the magnitude of which could not have been predicted at the time of initiation of this sector inquiry, the scope of the sector inquiry into e-commerce was necessarily limited to the examination of the competitive conditions in the above trading sectors, without being extended to service industries.

³ For the purposes of the Interim Report, "online platform - search engine and price comparison engine" shall mean the application or website through which independent sellers sell and advertise products, while the consumer, if he compares and chooses to buy the lowest-cost option he desires, visits the retailer's website to place his order. On the contrary, "online platform – online marketplace" the application or website through which independent sellers sell and advertise products, but the sale takes place through the platform.

⁴ For selection purposes, a representativeness assessment was carried out:

- per product category, based on the participation of each in the total sample of retailers from the data provided by the online platforms,
- per size of undertaking, on the basis both of employees and turnover, to ensure that undertakings of all sizes are represented and
- per geographic coverage, to cover a large part of the Greek territory, presenting at the same time a high concentration in major urban centers.

Finally, after checking the lists of retailers contracting with online platforms, an additional inquiry was conducted for large retailers in the market that do not work with search engines with the aim to further broaden the query- recipient basis.

691 questionnaires were sent, in August 2020, to retailers selling the products considered by the sector inquiry, through the platform. 263 undertakings responded to the questionnaire, the usable sample of which amounts to **258** undertakings.

15. Subsequently, taking into account the responses of the retailers, questionnaires were sent, in **November 2020**, through a dedicated platform, to the largest of their **suppliers** (each acting in his capacity as a manufacturer, producer or sales representative in Greece of the manufacturer / producer) by sector of activity. A total of **111 questionnaires** were sent, and by March 2021, 82 responses were received, out of which the sample deemed as usable amounted to **78** undertakings.
16. In **February 2021, 13 questionnaires were sent to various Institutions** (chambers, trade union representation bodies, trade associations, business associations / federations), four of which are sectoral (drugs, books, household electrical appliances). The questionnaire had 12 responders. More specifically, the respondents are the Hellenic Association of Electronic and Multichannel Trade (EPAM), the Hellenic Association of E-Commerce (GR.EC.A), the Hellenic Federation of Enterprises (SEV), the Hellenic Retail Business Association (SELPE), the Athens Chamber of Commerce (ACC), the Hellenic Confederation of Commerce and Entrepreneurship (ESEE), the Trade Association of Thessaloniki (TAT), the Athens Chamber of Commerce and Industry (ACCI), the Thessaloniki Chamber of Commerce and Industry (TCCI), the Panhellenic Pharmaceutical Association (PFS), the Association of Book Publishers (ABP) and the Association of Manufacturers and Companies of Electrical Appliances, under the name APPLiA HELLAS-HOUSEHOLD ELECTRICAL APPLIANCES (APPLi).
17. In **March 2021, 10 detailed questionnaires** were sent to **online platforms** selling consumer goods. Data collection was completed in May 2021, with 9 responses received. Taking into account the information provided and the classification based on the nature of the transactions and the way of generating revenue and added value, the following map of business models of the online platforms that are active in the marketing of products in Greece emerges.

Table 1: Map of business models of the online platforms that are active in the marketing of products in Greece

Revenue flows Business Model	PAY PER CLICK	PAY PER SALE	PAY PER LISTING	SUBSCRIBER MODEL
STOREFRONT AND WAREHOUSING		PUBLIC		
PRIVATE LABEL				
MARKETPLACE/DROPS SHIPPING		PUBLIC SKROUTZ		
D2C				
PRICE COMPARISON	GLAMI BESTPRICE KELKOO SHOISTAS* SKROUTZ TOTOS	SKROUTZ**		SHOISTAS* SNIF HOTPRICE
* Application of subscription until 2019, in 2020 only CPC applies and from 01.2021 choice is available between CPC or subscription. ** Under the process of blanket application of a payment model per sale and to retailers of the search engine and price comparison website.				

18. Most Greek online platforms that are active in product marketing in Greece are categorised as search and price comparison platforms and have adopted pay per click as a revenue model. An online product search and price comparison platform, Snif, has the subscription model as its basic charging model, while the Shopistas platform offers both the subscription and the per-click charging model.
19. On Skroutz, the marketplace platform which provides the possibility to complete transactions by acting as a dropshipper⁵, charges are based on the sales made, i.e. the pay-per-sale model is strictly followed. As for the search and price comparison platform, Skroutz applies the pay-per-click model, however, as it states, with the maturation of the market and the development of appropriate tools to confirm the completion of the transaction and the appropriate adjustment of the price list (Skroutz Analytics service), it is in a phase of transition of all cooperating retailers, i.e. regardless of their participation in the price search or marketplace, to a charging model per sale (percentage commission on the value of sales). The latter is also being developed by Public. Public also operates a chain of physical stores (under the Public and Media Markt brand), as well as online stores under the same brand.
20. Finally, also in **March 2021**, the Drafting Team designed and conducted a Pan-Hellenic Online Consumer Survey (hereinafter referred to as the "**Consumer Survey**"), through an online platform, to which 1,973 online consumers responded. Of these, 464 were excluded due to incomplete responses and, therefore, the total sample amounted to 1,509 online consumers. Regarding the sample:
- in relation to the gender of the participants, a significantly higher representation of the male population was found, compared to the female population,
 - in terms of level of education, a very high percentage is recorded among holders of a master's degree and
 - in terms of income, it is higher than the average in similar surveys in recent years⁶.
21. Based on these findings and in order to be considered representative of the buying public, the sample was weighted against gender, income and education.

II COMPETITIVE CONDITIONS - CONSUMER BEHAVIOR

II.1 DEVELOPMENT AND PROSPECTS OF E-COMMERCE – THE IMPORTANCE OF COOPERATION WITH ONLINE PLATFORMS

22. The findings of the Interim Report are consistent with those of other inquiries and studies. There is a rapid growth of e-commerce during the pandemic, with its prospects remaining positive despite the gradual lifting of restrictive measures. Indicatively, due to the measures taken to address the pandemic, the Consumer Survey showed a significant increase in the frequency of online shopping, as the percentage of respondents who buy "rarely" online dropped by about half (from 47% to 23%), while the percentage of those who shop online at least "sometimes a month" or more often, increased from 42% to 69%. In terms of weighted average, the average number of

⁵ In dropshipping, the online store, instead of maintaining stock and storage space, functions as an "electronic showcase" by directly acquiring the products it needs, in order to meet its orders, from a third party at a wholesale price, acting essentially as an intermediary in the supplier-customer relationship.

⁶ Specifically, incomes over 4,000 euros in the most recent surveys are recorded at the level of 3-5% of the sample compared to 16% of the present.

annual online purchases is estimated to have increased by 57%, from about 37 times per year to about 59 times per year, i.e. about one online purchase each week.

23. At the same time, the pandemic has accelerated the process of initiating or strengthening retailers' collaboration with online platforms, which have grown significantly both in terms of business partners and user / consumer traffic and in terms of turnover and they have possibly become, in the view of retailers, a quasi-unavoidable trading partner, especially for small and medium-sized undertakings, due to the direct and indirect network effects, i.e. on the one hand, the ability to promote products directly to a wider public and, on the other hand, the shift of consumer behaviour regarding their widespread use in product search. Indeed, the HCC's Consumer Survey showed that, on weighted average, about 81% of online consumers use online platforms for **product selection**, albeit infrequently, while 53% at least quite often or more often. The penetration of price comparison platforms is very important in most product categories, as consumers seem to make extensive use of online platforms in their market search, regardless of whether the latter are necessarily a part of the final purchase process. The picture does not change significantly when it comes to using price comparison platforms to select the **online store** from which they intend to buy. The usage in this case is somewhat lower (concerns 69% of respondents and 81% weighted average of those who buy the specific category), with the trend being the same in most market categories. The percentages of those who use the platforms quite often or more often are lower for basic consumer goods (mainly provided by supermarkets) by 29%, while the categories with the highest usage rate include electrical appliances with 76%, electronic appliances with 72% and household goods with 57%.
24. It should be noted that Skroutz's strong position compared to other search and price comparison platforms in the Greek market is unquestionable and this concerns not only the position of the platform in terms of collaborating retail outlets, but also in terms of turnover, product codes available and number of unique website visits. Consistently placed in the second place in terms of the above aspects, is BestPrice. More specifically, although the divergence of online search and price comparison platforms in terms of collaborating retail outlets does not seem particularly significant, their divergence in terms of turnover is very significant. However, regarding the presence of Skroutz as a marketplace platform, it seems that its activity is more limited. In particular, comparing the turnover of the two main marketplace platforms operating in the Greek market (Skroutz and Public), it appears that Public's position as a marketplace platform is stronger than that of Skroutz.

II.2 PROS AND CONS OF E-SHOPPING

II.2.1 Pros of e-shopping

25. When asked about the **advantages of e-shopping**, consumers showed a positive prospect for e-commerce, as the findings of the inquiry demonstrate that its main benefits are not limited to the pandemic situation. Therefore, it can be concluded that the use of online shopping is likely to be maintained, at the very least, at current levels. The first three factors that emerge as drivers for the development of e-shopping are mainly the possibility to shop at times when physical stores are not open, the ease and the fact of finding products that would be difficult to find in physical stores. It should be noted, however, that the pandemic-related factor "Hygiene-Social distancing" was also rated high by the sample consumers. According to the Consumer Survey, the four main advantages of e-shopping are:

- the possibility of buying without commuting - convenience, with a percentage of 59% scoring with maximum importance and a weighted score of 4.06 / 5,
 - the possibility of making a purchase in the evening / at hours when physical stores are not open, with a percentage of 58% scoring with maximum importance and a weighted score 4.01 / 5,
 - access to products not available in physical stores, with a rate of 49% scoring with maximum importance and a weighted score 3.96 / 5 and
 - hygiene – social distancing, with a percentage of 55% scoring with maximum importance and a weighted score 3.75 / 5.
26. The lowest product prices are also rated highly with maximum importance by 46% of consumers, while the greatest variety and availability of products is reported as of maximum importance by 38% and with 3.55 / 5 weighted rating. On the contrary, low importance criteria include better service in physical stores with a score of 1.82 / 5 and shopping experience with a score of 2.01 / 5. In view of the above, it appears that the physical network is still superior to the digital one in terms of shopping experience, personalised service and consumer engagement.

II.2.2 Deterrents for e-purchasing

27. According to the results of the Consumer Survey, the main limitation of their online purchases are **transport costs** and **time for delivery** of goods. The factor of providing contact details in online shopping is also considered important, as it increases their confidence in it. However, consumers' concern for making purchases from stores abroad is higher in relation to online shopping from Greek stores. It is also found that consumers attach great importance to the existence of the option payment on delivery, they are more demanding with respect to the features that Greek online stores expect to meet in relation to those registered abroad, but at the same time they tend to prefer the former on the base of supporting Greek stores vis-à-vis foreign retail stores.
28. An interesting finding of the Consumer Survey is that the above concerns that act as a deterrent to consumers in making e-shopping do not accurately reflect the real problems they actually face. In particular, cases of **fraud**, which are included in the main inhibitors for online shopping, have in practice very low rates of "frequent" (if only "quite frequent" compared with "very frequent" or "always") occurrence according to consumers' answers. It is apparent therefrom that the potential deterrents to online shopping that many consumers may be raising are mainly incident-based concerns, rather than constraints they are often asked to address. On the contrary, the most important problems faced by consumers in practice relate to the **unavailability of products** and the long times for delivery, which exceed those reported during the transaction.

II.2.3 Satisfaction with online purchases

29. It should be noted, however, that in terms of satisfaction with online purchases, an extremely high percentage (95%) of consumers surveyed are satisfied with their overall experience as e-consumers, a fact that has been reflected in other surveys too, showing that Greek consumers show a significantly higher satisfaction rate when shopping online, compared to the EU average, but also at the EE-15 level.

II.3 MEANS OF ACCESS

30. According to the answers and data provided by online platforms, there is an increase in the use of mobile phones as a means of accessing their website, which seem to be gradually gaining more and more share in consumer preferences. In fact, in the last years (2019 and 2020) internet browsing is carried out mainly through mobile phones / smartphones, followed desktops, which maintain a significant share in their preferences (although decreasing over time) and of tablets, though the share of which is still quite limited. In this regard, according to the Consumer Survey, in terms of the various means and devices chosen for shopping, the majority still use laptops and desktops (83% quite often or more often), but the difference from smartphones is now relatively small (64% quite often or more often) while 26% use tablets quite often or more often.
31. However, despite the general increase in the use of mobile devices for access to the internet, the percentage of Greek consumers who make online purchases via mobile devices is lower than the corresponding percentages of other European countries. Indicatively, it is reported that in 2020, 83% of online consumers in Spain and Italy used mobile devices for their online shopping⁷. On the contrary, in Greece only 57.21% of consumers used mobile devices to visit online stores⁸, i.e. the percentage of consumers who used mobile devices for online shopping is even lower.
32. The above divergence of Greece in relation to other European countries may be justified by the high costs of to the internet access using mobile data. The development of e-commerce is inextricably linked with and largely presupposes the development of internet access services, particularly the connection through the use of mobile data, based on the data that demonstrate the widespread use of mobile devices. According to the results and findings of Rewheel's study of March 2020 "Review of the competitiveness of mobile data connectivity in Greece in the broader context of the competitiveness of the digital economy" commissioned by the Hellenic Competition Commission, but also confirmed by other studies:
- a) According to the European Commission's 2019 digital competitiveness ranking⁹, Greece ranked third from the bottom in the overall digital competitiveness, having improved its relative digital competitiveness as compared with 2018 when it had the lowest Digital Economy and Society Index (DESI)¹⁰ weighted score as compared with the other EU member states.
 - b) Greece ranks as the least competitive EU member state in terms of connectivity compared to the other EU member states, taking into account prices for connectivity services and in particular via mobile data¹¹, as far back as 2015. According to Rewheel, connectivity is Greece's digital "Achilles heel", due to high mobile data prices¹².

⁷ See in this respect Statista, <https://www.statista.com/statistics/955570/europe-mobile-device-usage-for-e-shopping/#statisticContainer>.

⁸ Source: SimilarWeb.

⁹ <https://ec.europa.eu/digital-single-market/en/desi>.

¹⁰ A composite index that summarizes relevant indicators on Europe's digital performance, tracks the evolution of EU member states in digital competitiveness.

¹¹ According to Rewheel's study, the connectivity factor (<https://ec.europa.eu/digital-single-market/en/connectivity>) used by European Commission reflects competitiveness in connectivity throughout the EU, measuring both supply and demand of fixed and mobile broadband as well as in retail prices of fixed mobile broadband.

¹² According to Rewheel's study, in all five annual survey studies of the retail mobile broadband prices in all EU28 member states and in selected non-EU countries for the years 2015-2019 carried out by the European Commission Greece was found to be one of the most expensive EU markets. According to European

c) Greece consistently ranks as one of the most expensive EU28 & OECD countries in mobile data prices, according to the published semi-annual studies on the comparison of mobile data prices at an international level carried out by specialised consulting companies and information media¹³, as well as to more recent studies of the European Commission (Eurostat)¹⁴. Finally, the Final Report of the Pissaridis Committee¹⁵ reaches the same conclusions as the above study.

II.4 COMPETITION BETWEEN ONLINE AND OFFLINE RETAILERS

33. According to the inquiry findings, it could be easily maintained that the relationship between online and physical stores is directly competitive, and the intensity of competition varies per product category. This stems mainly from two factors, on the one hand the views of the companies operating on the intensity of the competition and on the other hand the undeniably strong trends of multi-channel behavior on the part of consumers, which is confirmed by all the respondents. In this regard, showrooming and free-riding to the detriment of the online store are opposing trends and opinions differ as to which one is stronger - a view that varies per product category - but they are undoubtedly stronger than ever¹⁶. Typically, consumers themselves rate the trend of free riding to the detriment of the online store as stronger, as 1 in 2 (52%) online consumers first search the internet before finally buying from physical stores, while about 1 in 4 (24%) of the sample engage in a showrooming behavior.

Commission's latest (February 2019) mobile broadband price comparison study Greece ranked as – by far – the most expensive member state in the 2, 5, 10 and 20 gigabyte smartphone plan baskets.

The findings of the European Commission's study for 2019 are available at: <https://ec.europa.eu/digital-single-market/en/news/mobile-broadband-prices-europe-2019>.

¹³ See in this respect the publicly available study of the Swedish consulting company Tefficient which, in the comparative studies carried out in the last 4-5 years, ranks Greece among the most expensive EU markets (<https://tefficient.com/wp-content/uploads/2019/07/tefficient-industry-analysis-2-2019-mobile-data-usage-and-revenue-FY-2018-per-country-9-July-2019.pdf>, table 16 «There are a few countries where operators enjoy much higher total revenue per consumed gigabyte: Canada, Belgium, Germany, Switzerland and Greece»), a study of Point Topic (<http://point-topic.com/free-analysis/4g-5g-tariffs-in-q4-2019/>), (inter alia). See also a study carried out by the Economist on the global situation (<https://worldinfigures.com/highlights/detail/234>) and some weeks ago from the website of visual capitalism (<https://www.visualcapitalist.com/cost-of-mobile-data-worldwide/>).

¹⁴ See [How communication prices vary across the EU - Products Eurostat News - Eurostat \(europa.eu\)](#).

¹⁵ Development Plan for the Greek Economy, (2020), p. 135, Figure 5.4, https://docs.google.com/viewerng/viewer?url=https://government.gov.gr/wp-content/uploads/2020/11/growth_plan_2020-11-23_1021.pdf&hl=en.

¹⁶ Consumers can benefit from the features and services offered by a channel at the stage preceding the purchase decision and change channel to make the purchase. In particular, "showrooming" or "free riding" of online in non-online markets is defined as consumer behavior according to which the consumer is informed about the properties, characteristics and price of a product or receives services related to the intention to buy from the physical store, but then proceeds to purchase the product online. Conversely, it means that there is "free riding of offline in online purchasing", when the consumer benefits from services offered online, especially in terms of prices or product features (via e-shop or online platforms) in order to be assisted in making his choice, but then he buys the products offline from physical stores.

II.5 COMPETITION FROM RETAILERS LOCATED OUTSIDE THE GREEK TERRITORY

34. Both suppliers and retailers have reported that Greek retailers (with the exception of those active in the sportswear and footwear category) largely do not take into account the behavior of their foreign competitors in determining their commercial policy.
35. However, as the findings of the Consumer Survey show, the penetration of foreign companies in the Greek market is undoubtedly important, as it seems that the constraint of proximity to the physical store for consumer retail markets has now been overcome. A very large percentage (83%) of online consumers buy products from online stores based in the Greek territory, abroad and in any case at a great distance from home. In particular, with regard to online shopping from abroad, it appears that at least 53% buy at least one category of products from an online store based abroad (with the clothing and footwear category recording the largest percentage of purchases (19%), mainly due to the availability and price of the products.
36. The access of foreign companies to Greek consumers appears to be achieved through international online platforms, given that:
- Amazon marketplace (26%), eBay (14%), AliExpress (8%) and Wish (5%), the international online platforms/ marketplace platforms, emerged as the most popular websites abroad for their purchases,
 - domestic online platforms recognise the significant competitive pressures posed by overseas marketplaces due to their widespread use, while
 - the involvement of based-abroad retailers in domestic online platforms is negligible.

II.6 PENETRATION OF GREEK ONLINE RETAILERS IN FOREIGN MARKETS

37. Nearly two-thirds of retailers surveyed answered in the negative to the question of whether they consider it financially viable for their business to enter markets outside Greece as online retailers or to significantly increase their cross-border sales with the percentage of cross-border sales in total (online and offline) not exceeding 5% and in fact, in 64% of the references to be less than even 1%¹⁷. At the same time, their traffic comes mainly from domestic consumers, as the visit via IP abroad to most domestic online platforms is negligible, while their participation in international online platforms seems to be somewhat in a rather embryonic stage, mainly influenced, according to the responding stakeholders, by various factors such as the lack of critical infrastructure related to the transport of goods and the competitiveness of foreign companies, due to the geographical location of Greece.

II.7 BASIC PARAMETERS OF COMPETITION BETWEEN RETAILERS

38. Regarding the importance of specific parameters that affect competition between retailers in online sales, competitive prices, the range of available product codes, the availability of current seasonal codes, quality, customer service and cooperation with search engines and / or

¹⁷ The above negative assessment of retailers of the possibility of their potential entry into markets outside the Greek territory or increase of their cross-border sales is confirmed by the results of the OECD survey (2019), which show that the need to address cross-border friction in trading in the context of e-commerce, limited knowledge of foreign languages or differences in regulations pose additional challenges, especially for companies engaged in cross-border e-commerce. According to the OECD, these factors may justify the fact that less than half of e-commerce companies in the EU28 sell products in other European countries and not just within national borders.

marketplaces are evaluated as particularly important parameters in terms of online sales. This shows that a mixture of parameters is required to be provided by the retailer to become competitive against other retailers in online sales.

39. However, the price of the products is the most important parameter of intra-brand competition¹⁸. In **wholesale prices**, it appears that suppliers generally do dual pricing¹⁹. Regarding **retail prices**, dynamic pricing practices based on monitoring the online behavior of individual customers do not seem to be developed in Greece. Of particular interest is the fact that 71% of retailers stated that they systematically monitor competition in prices, aided by the price transparency provided, in particular, through online platforms. The monitoring is carried out either with the use of special software, or through the acquisition of data from a third party or utilising the information provided by the online platforms. The monitoring is carried out either with the use of special software, or through the acquisition of data from a third party or utilising the information provided by the online platforms.
40. In addition to price, retailers rated product availability as the most critical factor influencing consumers' decision to choose a store. They also evaluate as critical **pre-sale services**, the range of available means of payment, its appropriate online presentation and the effective response to consumer questions with the existence of a call center and trained staff, while this evaluation does not change significantly per product category²⁰.
41. In general, **after-sales services** are rated lower than pre-sale services by both suppliers and retailers. The most important services concern the existence of a call center with trained staff, the ability to track the order (online or by phone), the provision of free shipping and a money-back guarantee. It should also be noted that in the case of after-sales services, there are larger differences in the individual evaluations per product category, which are due to the nature of the products²¹.
42. In this context, the analysis of the results of the Consumer Survey regarding the e-shop selection criteria provides another dimension to the evaluation of intra-brand competition. The main set of **criteria that influence the choice of online stores** are related to the confidence and security that the consumer feels for the transaction²², while the second set of criteria concerns the total pricing (including any free-shipping service), while the availability and presentation of the products emerges as the third most important set of criteria.

II.8 BASIC PARAMETERS OF COMPETITION BETWEEN ONLINE PLATFORMS

43. Focusing on the parameters related to **attracting consumers / users** in relation to their competitors, the surveyed search and price comparison platforms consider as the most basic parameter the accuracy of the data displayed on their website, as a possible discrepancy between

¹⁸ According to the suppliers, it is also one of the most important factors of inter-brand competition, together with the brand and the quality of the product.

¹⁹ Dual pricing refers to agreements between a producer and the same retailer, which include higher wholesale prices for goods sold online compared to the price of products sold offline.

²⁰ A similar assessment was made by the suppliers, who evaluated the following services, by order of importance: appropriate online presentation of the products (detailed description, technical information and photos), information about their availability, and the existence of a call center for customer service.

²¹ Indicatively, the service of installation of products and provision of additional guarantee, were evaluated as important exclusively by the retailers of the category of Electrical appliances and Electronic devices.

²² 45% reports previous cooperation and confidence as a reason for selection and 37% reports the ratings from other consumers.

the information provided on the platform website and the information provided by the cooperating online store on its website to which the consumer is redirected acts as a deterrent to the use of the platform. Next comes the navigation speed on the website, as indicated by the surveyed platforms: consumers request a quick transition between the different pages of the platform, followed by parameters related to ease of use, the range of products available and the existence of product and online stores ratings. On the other hand, the parameters related to the existence of a call center or the appearance on the website of the platform of shopping guides and comparative product testing are considered less important. The same parameters (data accuracy, ease of use, range of products available, navigation speed, etc.) are evaluated as important in terms of the operation of a platform as a marketplace. In this regard, however, due to the different operation of the marketplace, the provision of customer service and dispute resolution assistance by the platform, the provision of return management services, the provision of alternative payment methods, etc. are equally important for attracting consumers / users.

With respect to the parameters and the degree of importance of each in terms of **attracting online stores** in terms of competition, the most important is considered by the surveyed search and comparison platforms the consumer traffic, confirming the strong indirect network results in this activity. Other parameters that were considered important are the competitive commissions / charges. In addition, ensuring the impartiality of the ranking of stores is considered important by several platforms. The same parameters are cited by the platforms that operate as a marketplace, which in addition note the importance of providing to partner stores consulting services, customer service, return management and assistance in resolving disputes.

II.9 ONLINE PAYMENTS

44. As far as the ways in which retailers accept payments for online transactions are concerned, payments on delivery and bank debit or credit card prove to be the most popular ways with rates above 50%, as shown by the answers of retailers to a relevant question. The above findings are fully consistent with the analysis of the popularity of payment methods, as shown by the Consumer Survey. Credit / debit cards and payment on delivery were shown as the most popular methods, followed by paypal, prepaid card and then bank deposit. Other means of payment such as digital wallet, google pay and cryptocurrencies record very small percentages. Specifically, 82% use a credit card quite often or more often, 55% payment on delivery, 30% paypal, 24% prepaid card and 17% bank deposit.
45. The majority of consumers use a combination of different payment methods, however the percentage of 82% that uses at least "quite often" debit / credit card and the percentage of 93% that uses at least "rarely" is very high and shows that the online shopping consumers are now very familiar with the use of these means of payment. However, although the combined rates of debit / credit card and prepaid card use are high, the use of payment on delivery is observed at 1 in 2 consumers. This particularly high percentage is related to the high use of cash by Greek consumers, but it may be considered to conceal some sort of lack of confidence linked to the fear of a possible usage of their personal data.

II.10 SHIPPING COSTS - DELIVERY OF PRODUCTS

46. Regarding the ways in which the products of the online sales are delivered, the main ways are the postal consignment / courier (40%), followed by the receipt of products from the physical store

(33.3%). Especially in the case of postal consignment / courier, about 86% of retailers who opt for this method of shipping, reported that they cooperate with 1-2 companies. Just over 5% of the reports reported the use of an alternative method of delivery of the products, mentioning, among other things, the shipment through agencies or transport companies, especially for the cases of large volume consignments, while there were also reports for cooperation with collection points.

47. The majority of retailers (30.5%) set a minimum amount of € 49 in order to provide free shipping service, while a significant percentage of retailers, namely 27% stated that there is no limit in the purchase value and the consumer is always required to pay shipping costs regardless of the order value.

II.11 CONSUMER DATA COLLECTION AND MANAGEMENT BY RETAILERS

48. Regarding whether they collect data to identify their customers, 60% of retailers said they collect at least one relevant information. The type of the data collected is presented in the Table below.

Table 2: Type of the data collected by retailers for customer tracking

Customer data collection	Customer IP	Credit / debit card billing address of a customer or Bank account	Customer postal address	Customer's country of residence	Customer's choice of language	Customer's tel.no.	Other customer details
Reports	43	18	138	97	31	137	45
% of total reports	8%	4%	27%	19%	6%	27%	9%

49. In addition, only 2 out of 153 retailers who collect at least one piece of information share customer data with other retailers, stating that they share the data via email without specifying whether they belong to a large platform ecosystem. Also, only two retailers state that they collect data at the request of suppliers and / or online platforms, however, this obligation is not reflected in the contract but is imposed indirectly.

III POSSIBLE DISTORTIONS STEMMING FROM THE COOPERATION BETWEEN RETAILERS AND THEIR SUPPLIERS

III.1 RESTRICTIONS ON PRICING POLICY

50. Suppliers often impose pricing and other restrictions on vertical agreements with retailers in order to protect the reputation of their products and brands, reduce free-riding and, at the same time, motivate retailers to improve the provision of their services to consumers, with the aim of promoting their brands and products. Regardless of their intention, increasingly pricing transparency, which is a result of the growth of online sales and related services offered by online platforms, can also lead retailers to push their partner suppliers to lower their prices or secure a certain profit margin.
51. The analysis of the suppliers' answers to the HCC's questionnaires, first ascertains the increased interest of the suppliers for the prices at which their products are resold through the online distribution channel. In particular, the vast majority of suppliers stated that they have adopted a resale pricing policy, which is manifested either directly (75%) or indirectly, through

recommendations regarding the maximum resale price²³, the retailers' profit margin or the range of discounts the latter can apply.

52. However, the picture shown by retailers differs, as many of them state that the pricing practice of suppliers consists in the **resale price maintenance**²⁴, in a direct or indirect way²⁵, that is, by imposing a certain scale of discounts on retail prices, minimum advertised price, or a fixed profit margin but also matching retail prices in online and offline sales. The totality of the pricing restrictions reported by the retailers is presented in the Table below.

Table 3: Restrictions imposed by suppliers on pricing of products sold online - Retailers' Responses

Restrictions imposed by suppliers	% of retailers reporting restrictions out of the total	% of reports
Recommended / indicative retail price or price range	19%	33%
Minimum retail price	10%	13%
Retail price imposed (regardless of whether it is recommended / indicative), without possibility for derogation	9%	12%
Fixed and non-negotiable discount scale for retail prices	7%	10%
Minimum advertised retail price or range of advertised retail prices	5%	7%
Fixed profit margin leading to a specific retail price from which no divergence is allowed	5%	7%
Different retail price depending on whether the product is intended for online sale	4%	7%
Requirement to set the same retail price for online and offline sales	4%	6%
Retail price ceiling	3%	4%
Imposition of maximum and minimum price		2%
Total		100%

53. The above restrictions are evenly distributed among the investigated product categories, as they collect 17-20% of the total reports. The only exception is the Books category, which accounts for 8% of the reports on pricing restrictions, but it is the category with the fewest retailers compared to the rest.
54. Increased price transparency through online platforms is a useful tool for monitoring compliance, and the platforms themselves have been harassed by vendors requesting the removal of specific retailers from the platforms' website due to non-compliance. However, it should be noted that the finding of practices relating to (indirect or direct) resale price maintenance is not easily identified

²³ It should be noted that the practices of recommended and maximum resale prices are covered by the Block Exemption Regulation for Vertical Agreements (Regulation 330/2010), where the market share of each of the parties does not exceed the limit of 30% provided that they are not equivalent to a minimum or fixed selling price due to pressure or incentives offered by one of the parties. In case the market share exceeds the aforementioned limit, the possibility of exemption under Article 1 par. 3 of Law 3959/2011 and / or Article 101 TFEU can be considered. European Commission - Guidelines for vertical restraints [2010] OJ C 130/1, paras 226-229.

²⁴ Resale price maintenance constitutes is a hardcore restriction of competition within the meaning of Article 4 para. of Regulation (EU) 330/2010, not benefiting from the block exemption granted by the Regulation, nor from the "safe harbor" applicable to agreements of minor importance, based on the relevant Notice of the European Commission (see Communication from the Commission – De Minimis Notice on agreements which do not appreciably restrict competition pursuant to Article 101 (1) of the Treaty on the Functioning of the European Union (De minimis Notice) [2014] OJ C 291 / 1, para. 13).

²⁵ It is generally accepted that resale price maintenance can also be achieved indirectly. See Guidelines on Vertical Restraints, *ibid.*, para. 48.

from monitoring retailers' behavior alone, as the latter have stated that they adhere to the recommended / indicative prices on products traded, even if they are not imposed by the contracting suppliers.

III.2 OTHER COMMERCIAL POLICY RESTRICTIONS

55. With regard to vertical restraints of a non-pricing nature, particular emphasis should be placed on limiting the ability of retailers to work with one or more marketplaces or price comparison websites. In *Coty* case, the ECJ held that, under certain conditions, contractual clauses prohibiting authorised distributors in a selective distribution system for luxury goods to use third-party platforms for the online sale of the contract goods are not contrary to Article 101(1) TFEU. Furthermore, according to the ECJ, such clauses may not constitute a restriction of the retailer's customer group nor a restriction of passive sales to end users in the context of Article 4(b and c), respectively, of the Regulation²⁶.
56. The German Competition Authority has taken a strict approach to restrictions on the use of price comparison websites. In the *ASICS* case, it considered that the imposition of a general ban by the supplier on the cooperation of retailers with price comparison websites constituted a restriction of competition which could not benefit from the exemption granted by Regulation (EU) 330/2010²⁷. The decision was subsequently upheld by the German courts and in the meantime the ECJ ruling on the *Coty* case had already been issued²⁸.
57. In view of the growing importance of online platforms for the promotion of products and services in the Greek market and the behavior of suppliers highlighted by Skroutz in particular, a stricter approach to the standards of the *ASICS* ruling of the German Competition Authority may be considered. In any case, in the revised Guidelines for Vertical Restrictions to be published in 2022, the European Commission's position on restrictions on the use of price comparison websites and online marketplaces is expected to be better shaped²⁹.

IV POSSIBLE DISTORTIONS RESULTING FROM THE COOPERATION BETWEEN RETAILERS AND ONLINE PLATFORMS

IV.1 ISSUES RELATED TO CHARGING MODELS

58. Regarding the structure of charges, most of the surveyed online platforms state that they take into account both fixed and variable charging components, while there are some others referring only to variable components that depend on quantity. Regarding the pricing policy of online platforms towards cooperating retailers, the pricing models applied by search and price comparisons engines mainly consist in:
 - a) pay-per-click or cost-per-click (hereinafter also referred to as CPC), which is the most common case, in particular in the case of online search and price comparison platforms;

²⁶ ECJ C-230/16, *Coty Germany GmbH vs Parfümerie Akzente GmbH*, EU:C:2017:941.

²⁷ Decision no. B2-98/11 of 26.08.2015.

²⁸ See German Competition Authority "ASICS dealers allowed to use price comparison engines – Federal Court of Justice confirms Bundeskartellamt's decision", Press Release of 25.01.2018, available at: https://www.bundeskartellamt.de/SharedDocs/Meldung/EN/Pressemitteilungen/2018/25_01_2018_Entscheidung_Asics.html.

²⁹ On 9 July 2021, the European Commission opened to public consultation the proposal for the revised Block Exemption Regulation for Vertical Agreements, as well as the draft accompanying Guidelines.

b) monthly / annual subscription, and

c) payment per sale / order (pay-per-sale or cost-per-sale, hereinafter also referred to as CPS).

59. In the case of **online platforms-marketplaces**, according to the data collected, only the CPS pricing model is used, which concerns commissions on the value of the completed orders of each business user through the platform. Usually, the rate of charge varies depending on the product category.
60. **Online search and price comparison platforms** basically use the first pricing method (CPC) as the order is completed through the page of the partner online store, via the user / consumer redirecting click from the platform page. Therefore, it is in principle reasonable to choose the pricing method based on the number of redirects, given that it is not easily observable by the platform if the redirection will lead to (online) sale. The online store is charged for every redirect click made by the user / consumer (potential customer), regardless of whether the user / consumer will make a purchase and regardless of its value. Charges per click can be fixed or variable depending on the product category and are usually deducted from stock / credits already pre-purchased by the partner online stores.
61. The following table lists the pricing model used and the evolution of the respective charges for the semesters 12 / 2016-12 / 2020 of the surveyed online search and price comparison platforms for the category of electronic devices, which brings together most of the retailers working with search and price comparison platforms.

Table 4: Evolution of retailer's charges for cooperation with search and price comparison platforms for the category of electronic devices

Platform	Charging model	Amount of charges per time period – Electronic devices									Additional charges
		Dec-16	June-17	Dec-17	June-18	Dec-18	June-19	Dec-19	June-20	Dec-20	
[...]	CPC – varies per product category	€0,05 /click	€0,05 - €0,07/ click	€0,08/ click	€0,08 - €0,10/ click		€0,10 - 0,14/ click	€0,15 - €0,19/ click	€0,16 - €0,23/ click	€0,23 - €0,34/ click	none
[...]	CPC - varies per product category	[...]			[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	subscription calculated on the basis of the product number	non-applicable	<3 th. of products: €75/6 months 3 th. - 10 th. of products: €140/6 months 10 th. - 20 th. of products: €280/6 months								50€/month for displaying an advertising banner
[...]	CPC fixed for all years	no activity in Greece				€0,13/ click				none	
[...]	monthly subscription until 12/2019. Henceforth a fixed CPC charge regardless of product category	non-applicable			Free use	€60/month	€0,08/ click		none		

Platform	Charging model	Amount of charges per time period – Electronic devices										Additional charges
		Dec-16	June-17	Dec-17	June-18	Dec-18	June-19	Dec-19	June-20	Dec-20		
[...]	subscription depending on the number of product codes	non-applicable					<500 products: €60/year 500- 2.000 products: €120/ year 2.001-5.000 products: €180/ year 5.001 - 10.000 products: €240/ year 10.001 - 30.000 products: €360/ year					none
[...]	same CPC for all product categories	Non applicable				€0,03/ click						none

62. It should be noted that one in five retailers is greatly concerned by the cost per click or per purchase on search engines and marketplaces. Indeed, the survey shows a rapid increase in online platform charges to business users, especially in the last two years, a period during which online platforms have grown significantly in terms of business users, user / consumer traffic and turnover, while cooperation with them is becoming more and more important for the viability and development of small and medium-sized retailers in particular.
63. Some retailers point out that unilateral increases threaten their viability or deprive them of the necessary funds for their development or even lead them to pass on these additional costs to the final consumer. Some even predict that the intended change of the charging model of the largest online search and price comparison platform (from CPC to CPS) will result in putting an additional burden on them. To curb these increases, as well as other abusive practices, some retailers are proposing to set up control mechanisms to ensure that retailers are treated fairly by online platforms.

IV.2 ISSUES RELATING TO RETAIL PRICE MANIPULATION

64. Retailers reporting manipulation of retail prices by online platforms claim that the latter prevent them from setting a higher price on the partner platform than the one listed in their online store. In fact, two of the platforms contractually set as an explicit condition for cooperation the exact matching of the prices of the online stores with those appearing on the website of the platform, while the others set conditions that claim the same result, for example through the obligation of retailers to send an accurate .xml file with their prices³⁰. This practice, which is specific to an MFN parity clause in a narrow sense (“narrow” MFN clause), especially in the case of marketplaces³¹, is justified by the platforms on the grounds of avoiding confusion and misleading consumers, given that any inconsistency between the prices displayed on the platform and in the online store unfairly affects the financial behavior of the consumer.
65. However, in an online platform contract with its business users, there is a **most favoured customer clause in a wide sense** ("wide" MFN clause), in which business users are required to maintain at least a level playing field between the product displayed on the platform and, on the

³⁰ In case of discrepancies, sometimes they discontinue the promotion of the product or even of the online store until the discrepancy is resolved.

³¹ In the case of online search and price comparison platforms the term may not be accepted, as the products are not sold through them.

other hand, identical products offered through other product distribution / marketing channels, including the websites of the company itself. It is also explicitly agreed that the business user has the ability to offer the platform retail prices lower than those offered through the company's other sales distribution channels.

66. On the same issue of retail prices, the increased transparency of online sales prices can also facilitate or enhance a possible collusion between retailers, making it easier to detect derogations of retailers to deviate from the price agreed. The **systematic monitoring of competitors' prices**, which incidentally is carried out by 77% of the inquiry's sample of retailers, can be done manually, through the acquisition of data from a third party or through proprietary special software. The paid service of an online platform "*competitive price indices (competition)*" possibly leads (since no data are currently available on its exact operation) to the same effect. Through this, the business users cooperating with the platform receive statistics by category (category ranking, comparatively more expensive / cheaper), statistics per product (product ranking, degree of competitiveness of a store in terms of its prices), as well as the overall ranking of the store with a fluctuation chart and compared to similar stores.

IV.3 ISSUES RELATED TO THE EVALUATIONS OF PRODUCTS AND STORES

67. Registering users as members on certain online platforms provides them with the additional possibility to post product and store evaluation. The consumer / user can rate the product and / or the store based on a rating scale (usually from 1 to 5), add a text accompanying the evaluation based on his experience from the transaction while the final (and projected) rating of the products and stores is obtained as the average of the ratings given by the platform's users / members.
68. About 6 in 10 suppliers who expressed their concerns about the use of **product rating systems** pointed out the existence of malicious and misleading product ratings, which usually come from competitors. Essentially the problem is that, as there is not enough control of ratings by search platforms, there is no possibility for them to control whether the rating comes from a confirmed customer. Similar concerns were expressed by almost all retailers regarding the **ratings of online stores**. In particular, most of the retailers question the reliability of the rating systems in the light of the fact that the negative or false ratings are often not "*filtered*", creating a fictitious image of the reliability of the store. In the same context, Stakeholders point out that the systems of evaluation of **products and retail stores** in the search engines and price comparison are important tools for the improvement of the business strategy of the companies but also a driver for the realisation of the purchase by the consumer and, therefore, it is important to ensure the non-manipulation of these by online platform administrators. In this context, the importance of maintaining a statistically significant number of ratings of both products and stores is emphasised, in order to avoid influencing consumers, while it is extremely important to verify their reliability. Indeed, the reliability of the relevant evaluations e.g. through confirmed purchases and not through simple user accounts emerges as a primary issue when adhering to the relevant systems in search and price comparison engines.
69. The above considerations take on particular relevance in the light of the importance of the evaluations in the operation of intra-brand³² and inter-brand³³ competition, but also the provisions

³² The results of the consumer survey show that the evaluations, by other consumers, of the online stores on the electronic platforms play an important role in the selection of the cooperating retailer. 86% of consumers consider these ratings important for shaping their final choice. Taking into account, on the one hand, the

of the Consumer Rights Directive³⁴, according to which it is "*unfair*" (and therefore illegal) to submit false evaluations. Contractually, some online platforms are not responsible for their content, while it is at their discretion to post both the evaluation and any response of the store. Also, all platforms that have such a system can terminate the contract unilaterally and without compensation if the business user receives many negative ratings, a possibility which seems to have been used by themselves. Two of the largest platforms seem to be trying to address the issue by implementing internal mechanisms to ensure the validity of the evaluation, however, even for them, it remains to be seen whether such an important aspect of competition should be left to the self-regulation of the online platforms, especially when these ratings may cause the termination of the cooperation of the online platforms with the business users.

IV.4 ISSUES RELATING TO THE PREDETERMINED RANKING OF PRODUCTS AND STORES

70. Both product and store ratings and their predetermined ranking after a search from a user / consumer can significantly affect the latter's choice and, therefore, the commercial success of business users. The **criteria of predetermined / initial ranking** of products (after a relevant search for a range of products by the user / consumer) and **stores** (after selection of a specific product by the user / consumer), are not communicated by the largest online platforms to business users. This does not seem to be in line with the requirements of Article 5 of Regulation (EU) 2019/1150 (P2B Regulation), which requires transparency (and) towards that end. The platforms justify their behavior on the ground of alleged manipulation by retailers, a risk which is a reason for exemption from the obligation of transparency under the Regulation³⁵, however, it remains to be seen whether this is the case.
71. In the same context of the **predetermined / initial ranking**, one online platform seems to reserve for itself (as a retailer) a preferential treatment (**self-preference**), as [...].

increasing frequency of use of online platforms for online store selection, as well as the fact that consumers ranked store ratings as the third most important factor (out of a total of 22 factors) for online store selection, provided by online store evaluation platforms appear to be a major differentiator between online stores and a key parameter of intra-brand competition.

³³ Even more important than the evaluations of retailers listed on online platforms are, for consumers, the product evaluations available, according to the results of the relevant inquiry. Only 11% of consumers in the sample consider them insignificant or rather insignificant in shaping their choice. As in the case of online store evaluations, given the ever-increasing use of online platforms for product selection, the product ratings provided by online platforms are becoming a major factor in differentiating product codes within their relative markets and a basic parameter of intra-brand competition.

³⁴ Directive (EU) 2019/2161, *idem* annex I, 23b and 23c.

³⁵ More specifically, para. 6 of art. 5 of Regulation (EU) 2019/1150 stipulates that: "*Providers of online intermediation services and providers of online search engines shall, when complying with the requirements of this Article, not be required to disclose algorithms or any information that, with reasonable certainty, would result in the enabling of deception of consumers or consumer harm through the manipulation of search results. This Article shall be without prejudice to Directive (EU) 2016/943*".

V OTHER DISTORTIONS AND CONCERNS

V.1 REPORTED DISTORTIONS

72. According to the respondents, the **P2B Regulation** is estimated to have a positive effect on the activity of companies in e-commerce, contributing to a fair-play of cooperation of companies with online service providers and restoring transparency in their relations, while possibly also helping their cross-border activity. As pointed out by various stakeholders, providers of online services and retailers, it is advisable to adopt mechanisms to monitor the implementation of the Regulation and therefore **the role of the competent supervisory authority (DI.MEA) is considered particularly important**. However, weaknesses of the Rules of Procedure were also identified, such as the **need for its further clarification**, and issues related to individual provisions thereof³⁶. It is also worth mentioning that, as a result of the implementation of the Regulation, there have generally been no changes in the relations of companies with online service providers. The **Acts for Digital Markets and Digital Services** (DMA and DSA respectively), without diminishing the importance of their adoption for the development of e-commerce³⁷, emphasise the **need for their alignment** with national law and for avoiding the manifestation of a legal pluralism and additional formalities as they will make it difficult for companies to follow and comply with the legal framework.
73. In addition, as reflected in the positions of the respondents, there are specific **factual barriers** acting as a deterrent to the operation of e-commerce businesses. These barriers include:
- a) The high **cost** of creating, operating and promoting an online store, which further affects small businesses. Activity in e-commerce presupposes high costs not only for the establishment of an online store but also subsequently for its proper operation (e.g. acquisition of a customer management system, trained staff) as well as for its promotion. The problem grows even more in conjunction with the next factor.
 - b) The difficulty of companies accessing **funding** for their activity in e-commerce. In the view of some parties, the co-funded programmes are not sufficiently utilised by them for their own purposes of developing a relative activity³⁸. In addition, many respondents noted that the current programmes are not sufficiently targeted at e-commerce and therefore do not meet specific needs and, to this end, the utilisation of future resources should be carefully planned. At the same time, it is difficult to get funding from credit institutions, which avoid funding small businesses, preferring companies with a large customer base.

³⁶ Such as the estimated difficulty of integration and ranking of companies in the provisions of art. 14 of the Regulation as well as the importance of guaranteeing online service providers rights and freedoms with a view to consumer protection (e.g. the right of the online service provider to take action against companies that do not comply with its terms of use). It was argued that in the context of the implementation of the Regulation, consumers should be given the opportunity to modify the ranking order based on their selection criteria.

³⁷ The implementation of the DMA and in particular the obligation of gatekeepers to provide the cooperating companies with access to the data concerning their activity is considered particularly important as it allows the companies to offer products that meet consumer preferences. Equally important is the forthcoming consequence of the implementation of the DMA, the streamlining of the process of maintaining stock of advertisements as well as the introduction of the prohibition of the principle of self-preference. Regarding the implementation of the DSA, it is estimated that it will help protect businesses and consumers due to the fight against illegal content on the Internet as well as the traceability of companies operating in the online markets that trade illegal goods.

³⁸ This is due to the lack of reliable relevant information, the selection criteria of the companies to be financed, the complexity of the relevant process and the structure and content of the co-funded programmes.

c) The **lack of necessary knowledge**. Most companies do not have the necessary knowledge to organise and plan an "omnichannel" strategy, while at the same time it is hard to find specialised staff. However, in addition to the lack of technical know-how, the lack of knowledge of companies also concerns the current (complex) regulatory framework that governs the e-commerce sector.

d) The **series of obligations and bureaucratic procedures** faced by the companies concerned, such as, for example, the existence of outdated provisions, the non-systematic interpretation by the authorities, the requirement to issue multiple administrative authorisations related to multichannel activity, but also the formalities laid down by the General Data Protection Regulation (GDPR).

e) The **difficulty or even the complete inability of companies to access data** makes it difficult for them to further develop in e-commerce as they cannot easily adapt to the needs of consumers, their transaction habits and preferences.

f) The **cost of using payment services** and, in particular, the cost of supplying technical equipment (POS) and the high charges of banks for electronic transactions using a card are real barriers to e-commerce, especially for smaller companies.

74. Regarding **cross-border business activity**, in addition to the already identified language issues, the regulatory differences in high shipping costs, which Regulation (EU) 2018/302 could not resolve, other issues related to the **transport of products** also act as a brake. Despite the positive impact of Regulation (EU) 2018/644 on cross-border parcel delivery services, issues still exist related to the limited liability of transport companies in the event of damage and the additional costs borne by companies in the event of insurance of the traded products. Furthermore, distortions and difficulties arise from:

a) The **additional formalities or obligations** undertaken under the current regulatory framework by domestic business users of domestic online platforms³⁹ are not necessarily undertaken by those working with foreign online platforms, thus creating conditions of unfair competition. In the same context, special care must be taken in transposing EU Directives so that they do not introduce additional formalities for domestic companies.

b) The **heterogeneity of tax rates**, as due to the high (direct and indirect) taxation in Greece, Greek companies place the same products on the market at a higher price than foreign companies in foreign markets. At the same time, the respondents emphasise that there are no tax incentives for the establishment and operation of online stores.

c) the fact that foreign companies selling in Greece are not subject to frequent **customs controls** (and payment of customs duties) in relation to Greek companies that trade the same products.

75. Distortions, however, also occur in the level of **retailers' operation**. In particular, imports of products from non-EU countries, which are not intended to be sold there, as the operation of virtual stores, cases of tax evasion and consumer fraud create grounds for the development of unfair competition. It is worth mentioning that the last issue is also found in the case of retailers'

³⁹ For example, registration in the General Commercial Register (GCR), compliance with product availability legislation and maximum product delivery times, compliance with consumer protection provisions (e.g. warranty, right of withdrawal) and personal data legislation.

activity on social media, where due to the lack of relevant institutional framework and control, it is easy to develop misleading or consumer fraud and non-compliance with tax provisions by companies.

76. Finally, in the **food supplements** and **books** industries, constraints in the development of e-commerce and the functioning of competition are created by the current legal framework⁴⁰.

V.2 PROPOSALS TO ADDRESS DISTORTIONS

77. Based on the above and taking into account the individual concerns and proposals raised by the respondents, in addition to possible enforcement actions, the following emerges:
78. With regard to **ensuring compliance with Regulation 2019/1150**, it is suggested to adopt appropriate mechanisms for monitoring its implementation. In this regard, it is important to develop channels for the submission of claims and complaints to ensure, where necessary, the anonymity of the complainants as well as the rapid, even by consensus, resolution of the identified malfunctions. In order to facilitate the collective actions provided for in the Regulation, it is proposed to set specific criteria for the establishment of associations and organisations referred to in the relevant provisions, in order to resolve problems arising from ambiguities in its interpretation, such as addressing the issue of the dual status of an undertaking⁴¹. In addition, it is proposed to introduce an appeal procedure against the decisions of D.I.M.E.A.
79. For the **proper and smooth transposition of proposals for Digital Market Act (DMA) and Digital Services (DSA) Acts into national law**, it is proposed to ensure that the above Acts are implemented in functional, clear a manner, based on the principles of proportionality. In addition, adequate resources are required to provide technical expertise as well as the establishment of a complaint mechanism to ensure the monitoring and control of the gatekeepers' compliance with its provisions. For the same purpose, it is proposed to formally seek, through mandatory market surveys, the opinion of competitors and consumers regarding the compliance measures taken by the gatekeepers.
80. With regard to **factual entry barriers** for companies in the e-commerce sector, depending on the source and nature of each barrier, the respective proposals are formulated as follows:
81. Regarding the commonly acknowledged **high costs** relating to the setting up, operation and promotion of an online store, combined with the difficulties in funding, it is first proposed to simplify the relevant procedures for participation in the co-funded programmes and to clarify the criteria required for approval of relevant applications. Adequate and easily accessible information of companies on co-funded programmes, their purpose and the procedures of their participation therein would function supportively. Furthermore, it is proposed to develop funding programmes aimed at the activity of companies in e-commerce, which may require the redesigning of co-funded programmes by the competent state authorities, in cooperation with operators active in the e-commerce sector and credit institutions. The targeting of the above programmes should not be

⁴⁰ Specifically, in the first case, the problem arises from the implementation of MD C5a / 53625/2017 which impedes the realisation of online sales due to the restrictions it entails. In the case of books, the arrangements for imposing a ceiling on discounts for new editions for a period of 18 months from their publication, are problematic.

⁴¹ It is reminded that a company can be at the same time, and depending on the transaction examined, both provider and user of online services, a fact that makes its classification in the Registers provided in the Regulation difficult.

limited only to the coverage of technical costs (e.g. the creation of the online store) but also to the acquisition of appropriate entrepreneurial know-how, as the lack of necessary specialised knowledge and know-how was identified among the major impediments to business activity in e-commerce. In addition to funding, the necessary know-how can be partially remedied by issuing guidelines on the current regulatory framework and providing relevant training.

82. In the context of **streamlining the procedures** and in order to reduce the high administrative costs, which mainly companies with a multi-channel operation are required to manage, by implementing a combination of different business models, thus lead to acquire individual authorisations depending on the services integrated in them, it is proposed to modernise the legislative framework on the basis of providing: a) the abolition of obsolete provisions and / or provisions establishing irrelevant obligations for business licensing, b) the exercise of control and the shortening of the timescale for issuance of the relevant decisions and c) flexibility, within the regulatory framework, so that the adjustment of business models does not create additional costs.
83. In relation to the **difficulties in accessing data**, considering the importance of consumer's personal data protection which strengthens their confidence in the electronic markets, the use of the right to data portability, through the adoption by companies of interoperable formats, might help. In this regard, according to a respondent, this result would also be reached by the adoption of guidelines on the General Data Protection Regulation (GDPR). Finally, regarding the operation of the **payment services** market, no specific proposals were provided with a view to addressing the high costs of access to them and their utilisation by companies. It is worth noting, however, that a boost in e-shopping on the part of consumers could be enhanced by use of electronic means of payment for their e-shopping. In particular, the reduction of the timeperiod for the commitment of the amounts paid in the event of canceled and / or ultimately unsuccessful transactions could be adopted, as well as the modification of the arrangements concerning the possibility offered to consumers to challenge a transaction when the payment has taken place by bank deposit
84. With regard to barriers in cross-border business activity and, in particular, in the context of **strengthening competition for parcel services**, it is proposed to introduce provisions of national law to establish the civil and criminal liability of those making deliveries without legal documents, in accordance with the relevant provisions of the tax law. In addition, it is proposed to adopt more reliable and fully interoperable methods of monitoring and tracking parcels. As far as the related problem of **high transport / delivery costs** of products is concerned, it is proposed to create a flexible legal framework that would be subject to regular review. This applies particularly to the cost of delivering products, with a view to boosting cross-border sales mainly by small and medium-sized undertakings. The same purpose will be served, according to an online service provider, by the strengthening of transparency rules on the relevant charges.
85. With regard to the need for addressing **cases of fraud** against consumers or the State, which takes various forms such as the operation of virtual stores, tax evasion and consumer fraud by creating loopholes for unfair competition, a solution could be the certification of companies operating in e-commerce. The certification process receives a positive evaluation by all "groups" of respondents in general, especially if it is optional, provided by different bodies (public or independent) offering the relevant guarantees and does not cause additional administrative and financial burden on companies. Accordingly, it is proposed to create a register of "remote" retailers, the registration of which will require the fulfillment of specific criteria, subject to evaluation and review at regular

intervals. In the same context, it is proposed to develop a regulatory framework that will govern the participation of business users in social media that act as marketplaces.

86. Finally, with regard to **regulatory barriers** to the online sale of **food supplements**, respondents suggest that the relevant restriction be lifted together with a parallel improvement of market health surveillance (HACCP control by local authorities - AEO / decentralised administration). In this regard, given that Greece is not aligned with Directive 2011/62 / EU and European Regulation 699/2014, an additional proposal could be the transposition of the above into national law. In any case and due to the specificity of the products at issue, it is necessary to weigh up the benefit from the removal (or mitigation) of the existing restrictions but also of the caused social costs entailed that may concern the safeguarding of public health and public interest.
87. Finally, a common problem raised by the respondents, which raises several of the above-mentioned concerns, is the **poor operation of the competent monitoring and enforcement mechanisms**, due, among other things, to the insufficient number of staff. In this regard, based on the positions of the respondents, it is proposed to strengthen and boost the operation of the monitoring and enforcement mechanisms, particularly in the following contexts:
- a) ensuring the compliance of online service providers with Directive 2002/58 / EC and the Regulations (2016/679 and 2019/1150) of the European Union,
 - b) observance and compliance of companies with Law 4537/2018 and in particular with the provisions on strong customer identification, so that payment service providers, supervised by the Bank of Greece, do not allow companies that have not completed the procedures for "strong customer identification" to conduct electronic transactions,
 - c) lawful operation of retailers, in the sense of their compliance with provisions relating to tax legislation (e.g. on VAT reimbursement), as well as fighting against parallel imports and fraud against consumers,
 - d) elimination of cases of reactivation of companies, the operation of which was interrupted due to non-compliance with the legal / regulatory framework but resume their operation under a different name.
88. In this regard, for the purpose of facilitating the operation of the and monitoring and enforcement mechanisms, it is proposed to **closely connect the competent authorities and bodies**. In this way, the communication between them will be direct and therefore, in case of complaints, e.g. against online stores, the actions required will also be accomplished immediately, with consumer protection being the end result.

V.3 CONCLUSIONS

89. Regulatory policy making on e-commerce is not an easy task, as a very careful balancing of protected legal interests is required, geared at the same time towards consumer prosperity, facilitating entrepreneurship and promoting innovation, following an effective and in-depth consultation of all actors/stakeholders involved. However, an executive and strategic planning of the e-commerce sector is admittedly required, ensuring the cooperation and close connection of the competent authorities and services in order to:
- introduce **new provisions** where necessary (with the simultaneous abolition of obsolete provisions) to provide flexibility in adopting new business models with a view to

enhancing e-commerce and cross-border transactions, however mainly oriented towards consumer welfare,

- achieve the **consistent and coherent implementation of the regulatory framework** and its systematic interpretation by the competent authorities, which can contribute to the creation of a level playing field, while enhancing companies' access to the single market and the development of their activity; and
- provide guidelines for **digital consumer information** and **digital business training**, in collaboration with institutional, sectoral and scientific bodies.

90. In this context, the HCC's Interim Report as a whole, through market mapping and highlighting the views of companies and stakeholders on distortions possibly caused by corporate behavior or by the regulatory framework, aims to kick-start the relevant dialogue, inviting all interested parties to submit their views on the issues under consideration through written submissions and / or by participating in a virtual consultation. These considerations will provide valuable guidance in drawing up the Final Report, which is planned to propose concrete measures to address the issues raised in order to enhance consumer welfare and innovation as well as contribute to the economic recovery and digital transformation of the country.