

ESBA Response to Draft Platform to Business Proposal

Introduction

The European Small Business Alliance (ESBA) is a pan-European organization representing the interests of SME, most notably micro and small companies. It is in this light that we review progress made on the Institutions' file regarding Platform to Business (P2B) relationships. Platforms are an important part of many small sellers' business plan, particularly those with a small budget and no capacity to invest in advertisement and costly online infrastructures. Well-functioning platforms can serve as a substantial catalyst to these small and often traditional companies, allowing them to grow and ultimately scale up. For this reason, ensuring a healthy platform to business relationship is vital for our small businesses.

Implementing the *Think Small First* principle

Whilst we appreciate and support the European Commission emphasis on the need for implementation of the *Think Small First* principle in the P2B proposal, we have reservations regarding the approach. The essence of *Think Small First* is to propose legislation that works well and can be implemented by micro and small companies without undue regulatory and administrative burden. Drafting legislation with large companies in mind and simply offering a blanket exemption for micro companies is not in line with the principle. Exemptions can be dangerous in the sense that they demote micro companies to second- or third tier companies, and should only be used as a last resort solution, not as a principle.

ESBA questions whether a blanket exemption for micro companies and a par-exemption for small companies is the correct approach:

- We appreciate the underlying thoughts of wanting to reduce the burden on our smallest companies, but doubt whether exempting companies from putting in place **effective internal complaint-handling mechanisms** will have any meaningful effects. Any business will inherently need to deal with its customers' complaints. Failing to apply the same standards as larger players will result in SMEs being put in at a disadvantage as customers will choose an offer with a more effective complaint-handling system. This means that SMEs will not be able to compete with large companies unless they offer the same level of protection. In the case of the former it will inevitably lead to a loss of customers and can lead to a failed business. ESBA would therefore call on the Commission to leave companies as much flexibility as possible as to how they handle complaints from their customers. Customer satisfaction is at the core of any successful business and should not need excessive regulation.
- ESBA does not understand the claim that micro companies will still benefit from the enhanced trust that the initiative should yield, whilst maintaining inadequate

complaint handling. Rather, it might put micro companies at a competitive disadvantage, precisely because of it and for the reasons outlined above.

- We do not support keeping micro-companies artificially in their seed-phase and do not believe this should be encouraged. Excluding micro and small enterprises from parts of the proposal by applying thresholds arbitrarily defines how much they can grow without facing additional administrative burdens. What is needed instead is a set of rules unleashing their full potential on the Internet.
- The extension of the obligations of the initiative to all platforms ‘that have a very large number of business users’ needs to be refined. Not only do we need to clarify what constitutes a ‘very large’ number. We also need to consider that a large number of users does not always equal much higher revenue, as platform memberships are in many cases initially free of charge. ESBA therefore questions whether the number of users is an adequate measure of a platform’s capacity to comply with certain aspects of the initiative.
- Notwithstanding the abovementioned reservations, ESBA supports the Commission’s light-tough approach throughout the draft initiative and encourages the European Parliament and the Council to refrain from adding amendments that could create unnecessary additional burden. ESBA calls on MEPs and Member States to limit the scope of the legislation to an absolute minimum. Otherwise the P2B proposal might turn into a catch-all piece of legislation covering and curbing too many activities. Here, we remind the Commission of its general principle to not curb enabling technologies by overregulating. Only a light-touch approach will ensure a healthy development of the European online ecosystem.

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