



Etsy Response to the Draft BEREC Guidelines on Implementation of Net Neutrality Rules

ABOUT ETSY

Etsy (www.etsy.com) is a marketplace where people around the world connect, both online and offline, to make, sell and buy unique goods. Handmade goods are the foundation of the Etsy marketplace. Artists, designers, and collectors use the platform to sell handmade and vintage goods to buyers around the world. Etsy was founded in 2005 in the US, and employs over 800 people around the world. Etsy has offices in Dublin, London, Paris and Berlin as well as Canada and the US. Etsy hosts 1.6 million active Etsy sellers worldwide, who together grossed over \$2.39 billion in 2015.

ETSY SELLERS IN THE EU

Between 84-91% of our sellers in the EU are women. They tend to be younger than other SME business owners, with a median age of 39 in Germany, 36 in France, and 41 in the United Kingdom. Many are parents with children at home and a substantial minority are low income. In Germany, 23% have household income under €20,000 annually, while in France 37% have annual household income under €15,000 annually. In most markets in the EU, nearly three quarters of Etsy sellers consider their shops to be businesses. Between a quarter and a third focus on their creative businesses as their sole occupation. This business mind-set is also reflected in Etsy sellers' aspirations - at least 80% wish to grow their sales in the future.

ETSY SUPPORTS STRONG NET NEUTRALITY PROVISIONS

We welcome Berec's draft guidelines and the opportunity to respond to this consultation. We seek to underline that our sellers depend on a free and open Internet to access a global market of consumers and compete on equal terms with bigger companies. Our platform's continued growth and success depends on equal access to these consumers. It is this open Internet that allows businesses - including the micro-entrepreneurs who sell goods on Etsy - to compete on an even playing field online. Rules that allow broadband providers to negotiate paid prioritization agreements with some companies or discriminate against another company's traffic undermine our sellers' ability to compete. For that reason, we call on Berec to strengthen these guidelines by eliminating the possibility of commercialised fast lanes altogether through banning the practice of "zero rating" and restricting the practice of "traffic management".

Etsy charges \$0.20 to list an item on the site, and takes 3.5% of every transaction. Our low margins would not allow us to pay for priority access to ensure our site loads as quickly as rival sites. If a consumer were to click on an Etsy shop and perceive delays in images loading or videos buffering, they would likely click away to another site, and our seller would lose that sale. We can safely assume that with time, the bandwidth of data being transmitted over the Internet will increase, as new audio and video technologies emerge. We can't predict the



future of e-commerce or product innovations, but we want to ensure that our sellers can reach buyers with the same technologies as any other online retailer.

If ISPs are allowed to negotiate priority deals with some companies, they will have incentives to cater to their paying customers in the fast lane rather than everyone else in the slow lane. They will also have an incentive to ensure that those of us in the slow lane are unable to compete effectively without access to the fast lane. Alternatively, if Etsy were to negotiate with broadband providers for priority access, we would likely have to raise our fees.

Raising Etsy's fees would increase the barriers to entrepreneurship that we have worked so hard to reduce, decreasing the number of sellers who would otherwise have access to the platform. The Internet has made it easier for anyone to start a business and reach a global market of consumers. Increasing the costs to reach consumers online undermines these businesses and has a significant impact on their growth, success and income.

We urge Berc to consider micro-businesses and small scale entrepreneurs in their guidelines on the implementation of net neutrality rules, and strengthen the provisions in their favour. This will ensure that economic growth and innovation will remain at the heart of Europe's continued recovery and uphold the values of openness and fair competition that are at the core of our digital single market.