Regulatory and Marketing Challenges Between the U.S. and EU for Online Markets

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Abstract

One of the biggest challenges marketers face with e-commerce is the regulatory environment, both at home and abroad. This is especially pertinent for international transactions between the U.S. and the European Union (EU). This chapter attempts to identify and categorize the major global issues involved. It also points out similarities and differences between the U.S. and the EU on such issues as regulation and self-
regulation, taxation, jurisdiction and liability. The purpose of the chapter is to explain the various marketing challenges resulting from specific legal problems. Recommendations are developed for firms contemplating e-marketing to the EU.

Introduction

The Internet’s commercial potential for marketers is growing steadily. Forrester Research predicts that by 2004, global online commerce will reach $6.8 trillion for both business-to-business and business-to-consumer transactions (Forrester, 2003). Expanding global opportunities through e-commerce appears especially inviting when traditional channels are too expensive or prohibitive due to numerous foreign country restrictions. This may especially be the case if marketers can reduce costs in their global supply chain, enhance global customer relationships, or build a stronger and more consistent global brand. For U.S. firms of all sizes, the European market is attractive given its increasing interest in and use of e-commerce. With the global online market increasing, the European Union nations represent a substantial market in size and scope. Notably, online users in Germany, France, Netherlands, Finland, and Sweden offer the most promising developments for consumer goods with their high incomes and technology savvy populations. The U.K. and Ireland are especially inviting because they are English speaking nations with strong cultural ties to the U.S. In the future, this market will continue to grow as the EU adds new member countries expanding to a total of 25 member nations.

The Internet is an ideal vehicle to reach the global marketplace that reflects a variety of styles, tastes, and products. Some of the more successful e-commerce firms in the U.S., such as Dell, Amazon.com, Yahoo!, e-Bay, and Land’s End, have incorporated Internet technology into their business models. The nature of their business combined with the Internet lends itself readily to global markets. There are, however, new opportunities presented by e-commerce for those willing to adapt their firm’s marketing strategy to global e-commerce markets. Increased use of the Internet has enhanced e-marketing practices, such as communicating or selling a large set of products or services to customers. At the same time, despite geographical dispersion, one can inexpensively reach small segments of the population with similar tastes through the Internet. As e-marketers in the U.S. consider foreign markets, they will