

Europe & the Internet: It's complicated

European public and policy elite views of US tech companies

September 2015

BRUNSWICK

BRUNSWICK | **INSIGHT**

Today's media environment: fighting talk

Why Does Europe Hate Silicon Valley?

Posted: 06/26/2015 3:11 pm EDT | Updated: 06/30/2015 11:59 am EDT



ADVE

BUSINESS
INSIDER
UK

TECH

Why Europe hates American tech companies



Mike Bird

Apr. 2, 2015, 4:01 PM 4,038 11

Aug 24, 2015

By FREDERIC
FILLOUX
in VENTURE
CAPITAL

Tags: ANTITRUST,
EU

Why Europe Hates US Internet Giants In Six Charts

Tweet 176 Share 160 G+ Share 19



The New York Times

SHARE

How Europe Is Going After Google, Amazon and Other U.S. Tech Giants

THE WALL STREET JOURNAL.

WORLD | EUROPE | BRUSSELS BEAT

Europe Seeks a Model to Repel U.S. Internet Giants

Policy makers worry Europe's job generators are at the mercy of U.S. digital companies



Taxi drivers in Brussels and other European cities have protested Uber's entry. PHOTO: REUTERS



By STEPHEN FIDLER

May 21, 2015 4:58 p.m. ET

10 COMMENTS

Wh
If yo
portl
mus
colu
It's c
Reti

QUARTZ

Does Europe hate Google or hate America?

US tech companies in Europe do face a battle...

...but it's different to the one that gets reported

Not an orchestrated EU campaign to regulate US businesses

Nor a violently hostile media

It's a combustible mix of political short-termism, consumer ambivalence and old-fashioned competition

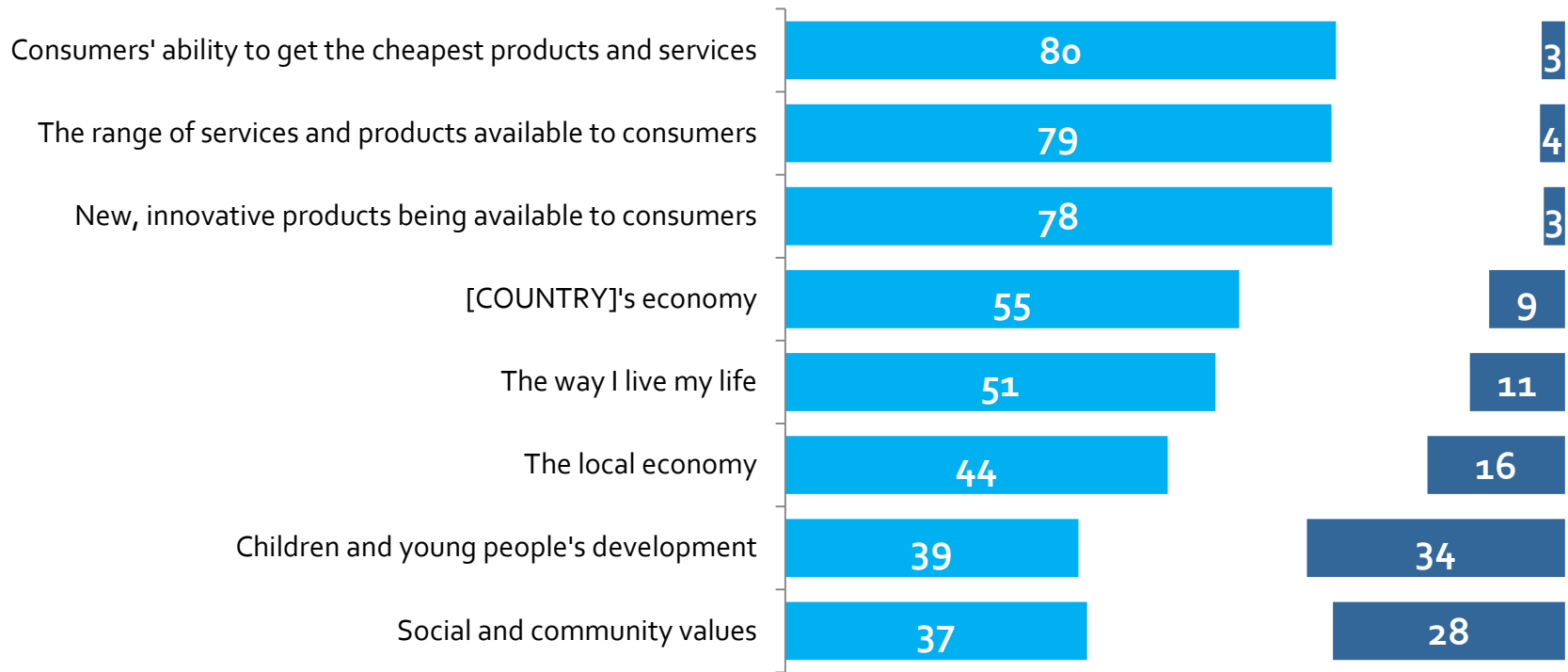


A. Consumer attitudes

Internet services are broadly seen as good thing...

Powerful positive effects on people's lives

Q: Overall, do you think the internet and digital technology has a positive or negative effect on...

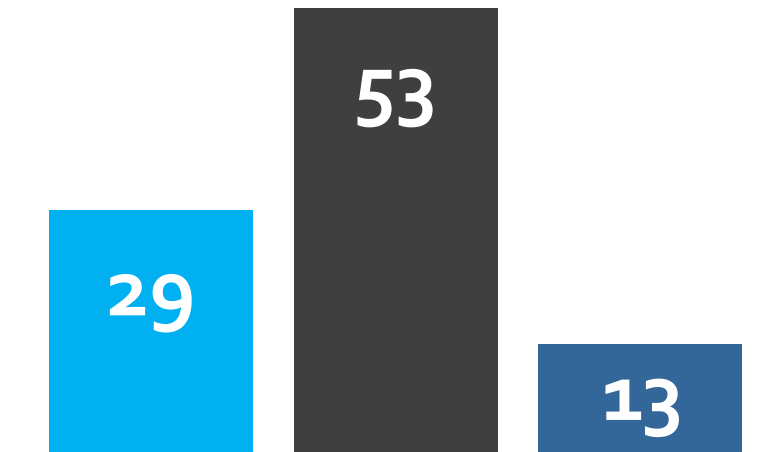


■ Positive ■ Negative

Source: Brunswick Insight

...Public opinion of tech is stable or improving...

Only 13% say their perceptions of the industry has declined



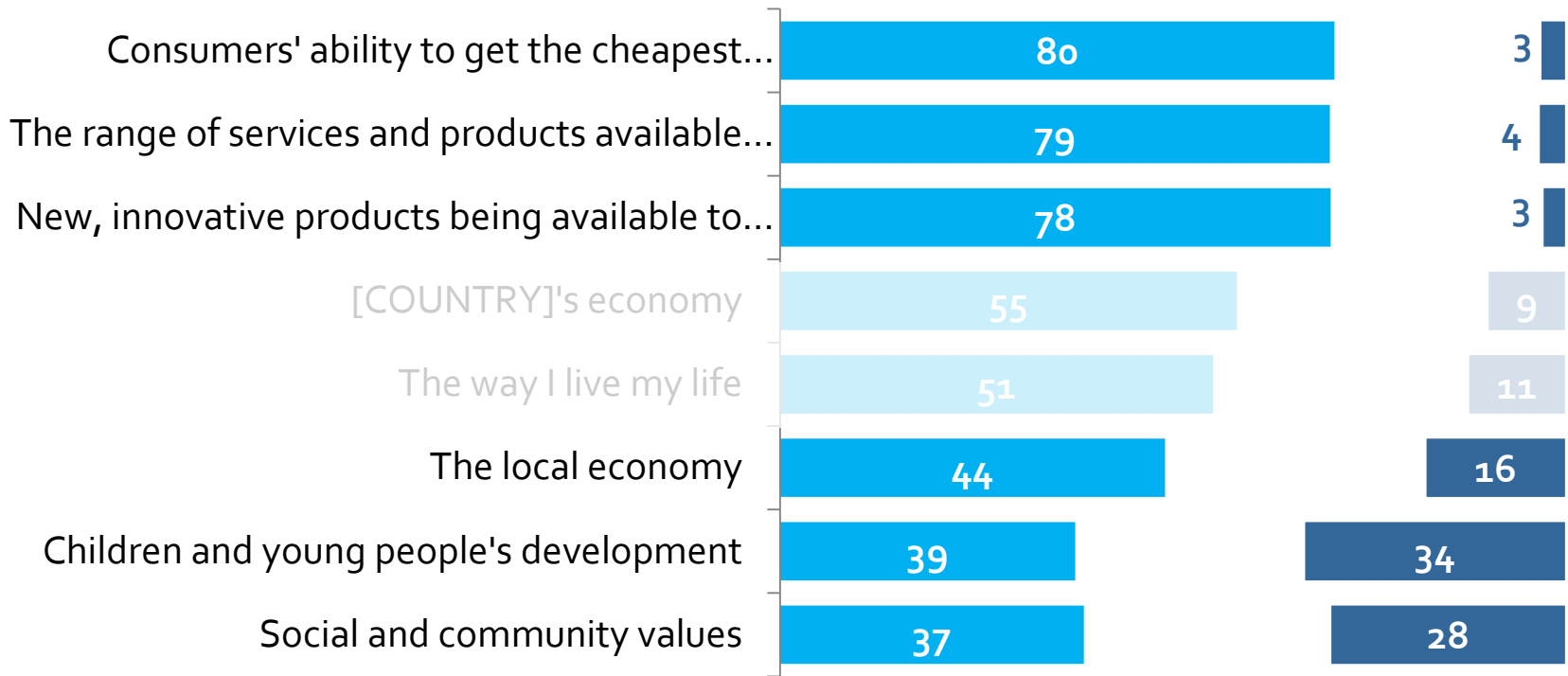
Q: *Has your opinion of technology companies improved, worsened or stayed the same in the last year or so?*

- Improved
- Stayed the same
- Worsened

...although more about shopping than social good

Impact on society viewed with ambivalence

Q: Overall, do you think the internet and digital technology has a positive or negative effect on...

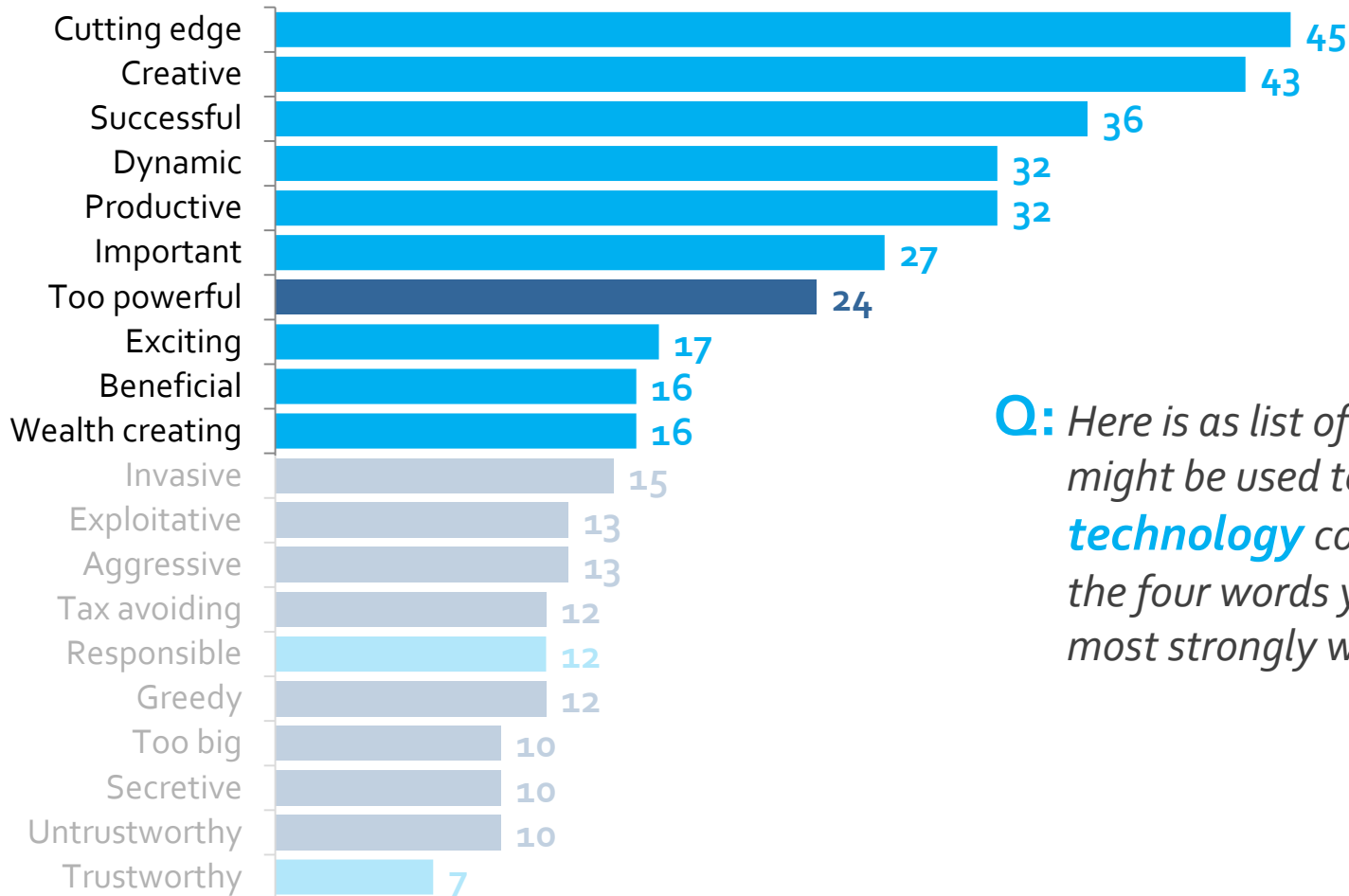


■ Positive ■ Negative

Source: Brunswick Insight

EU has very positive primary associations with tech

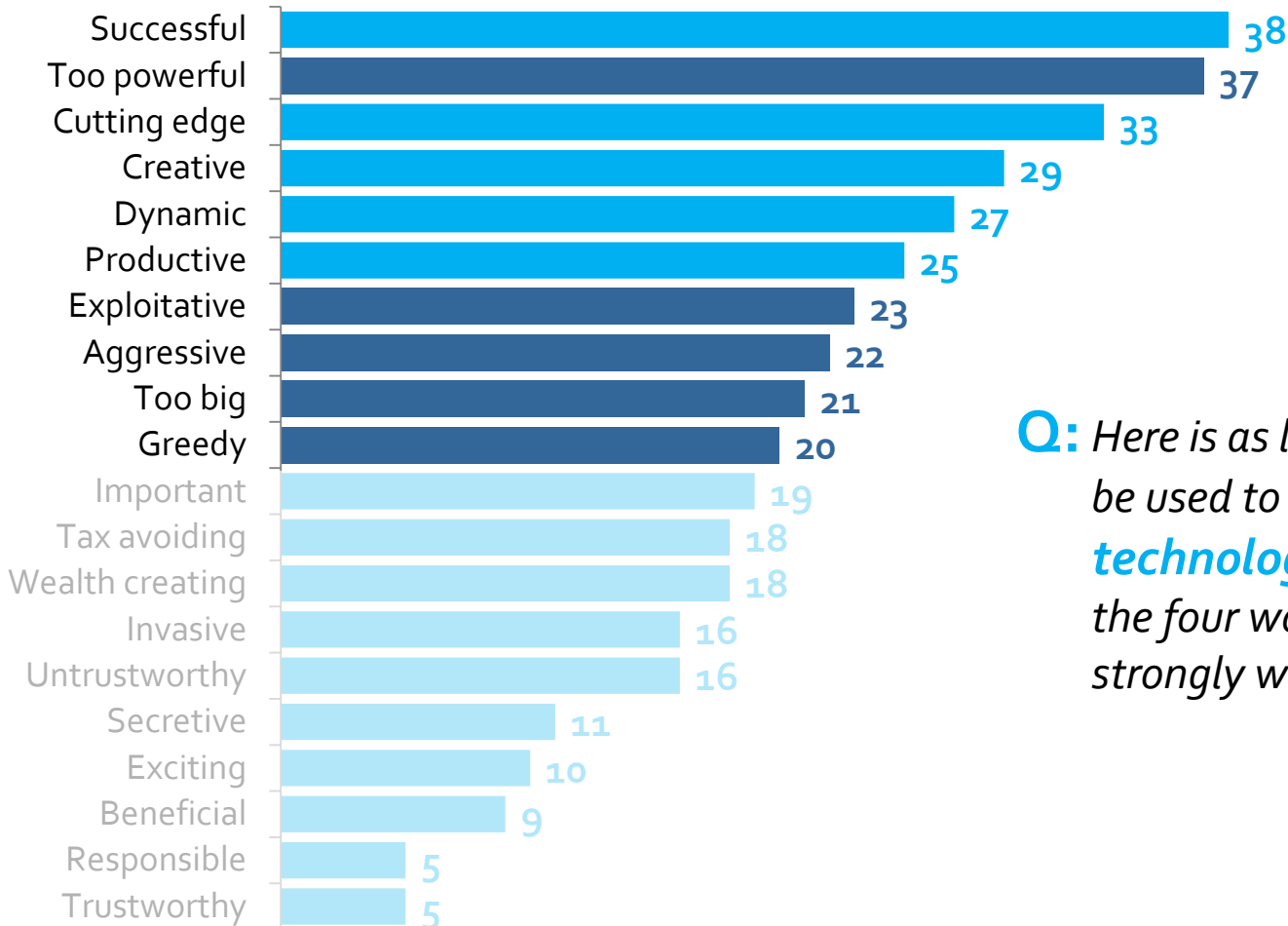
Only one negative association in the top 10



Q: Here is a list of words that might be used to describe **technology** companies. Select the four words you associate most strongly with them.

But being “American” drives uptick in negatives

Five of the top ten focused around negative power



Q: Here is a list of words that might be used to describe **American technology** companies. Select the four words you associate most strongly with them.

When American tech companies are specified...



Negatives increase

"Too big"

doubles from 10% to 21%

"Too powerful"

increases from 24% to 37%

"Exploitative"

increases from 13% to 23%

"Aggressive"

rises from 13% to 22%



Positives fall

"Creative"

falls from 43% to 29%

"Beneficial"

slips from 16% to 9%

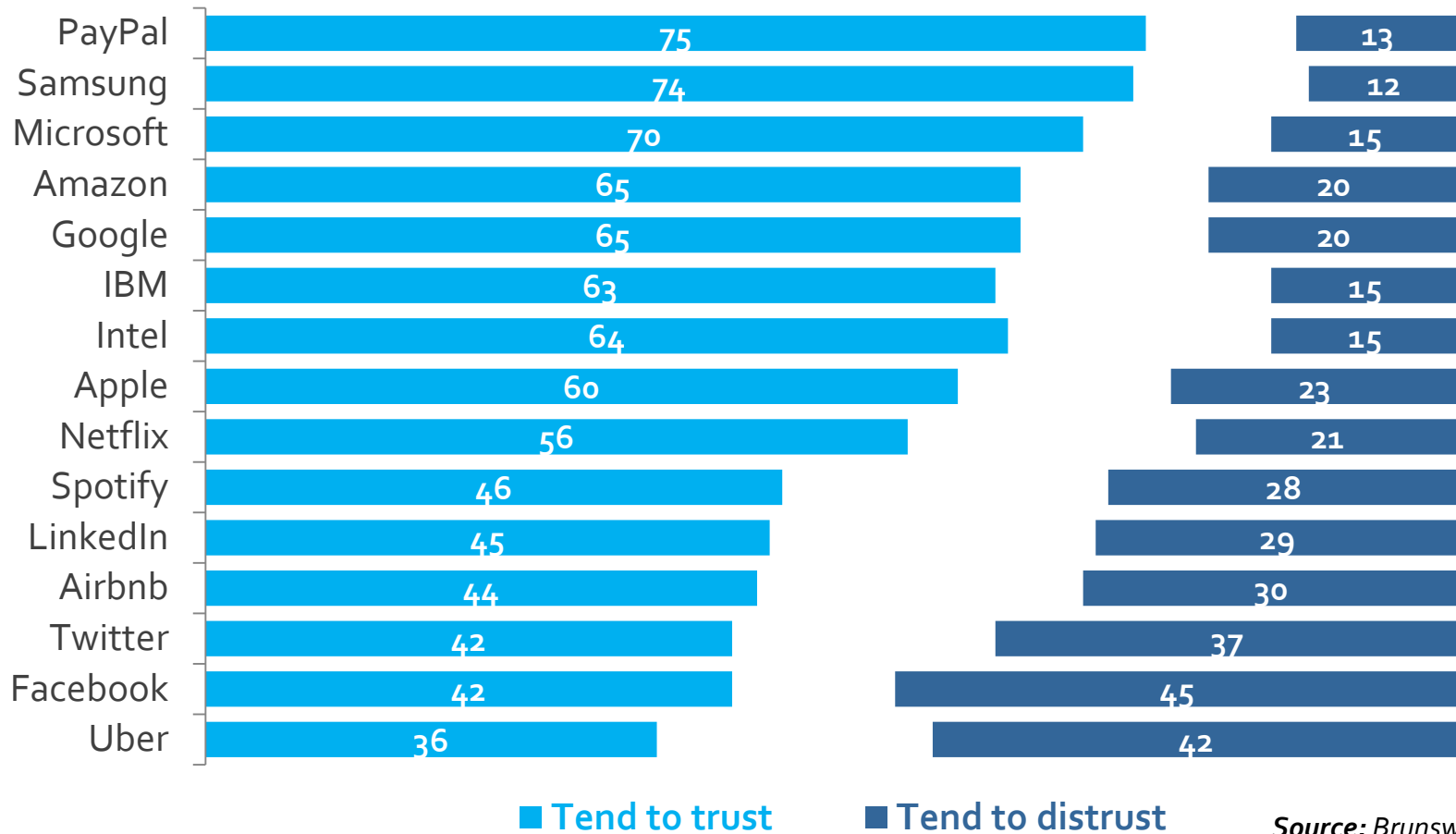
"Responsible"

is halved from 12% to 5%

Public trust many individual companies

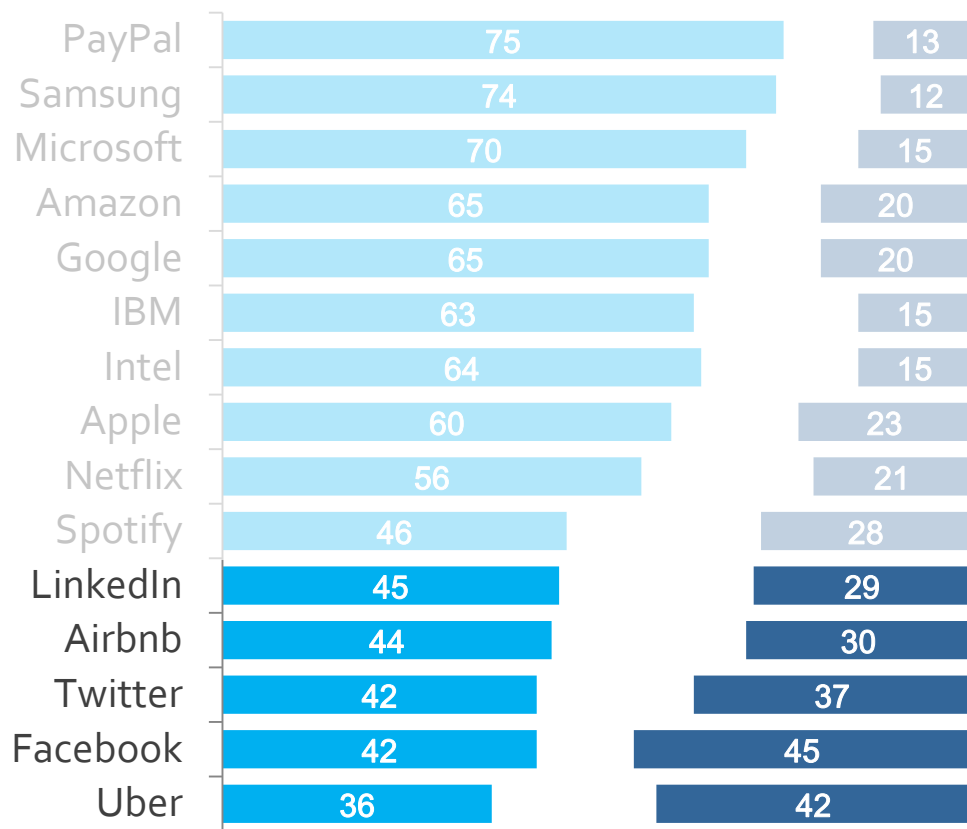
Majority trust PayPal, Microsoft, Amazon and Google

To what extent do you trust [X] to behave responsibly in the way they operate as a business? (%)



Source: Brunswick Insight

Although social media, sharing economy companies lag



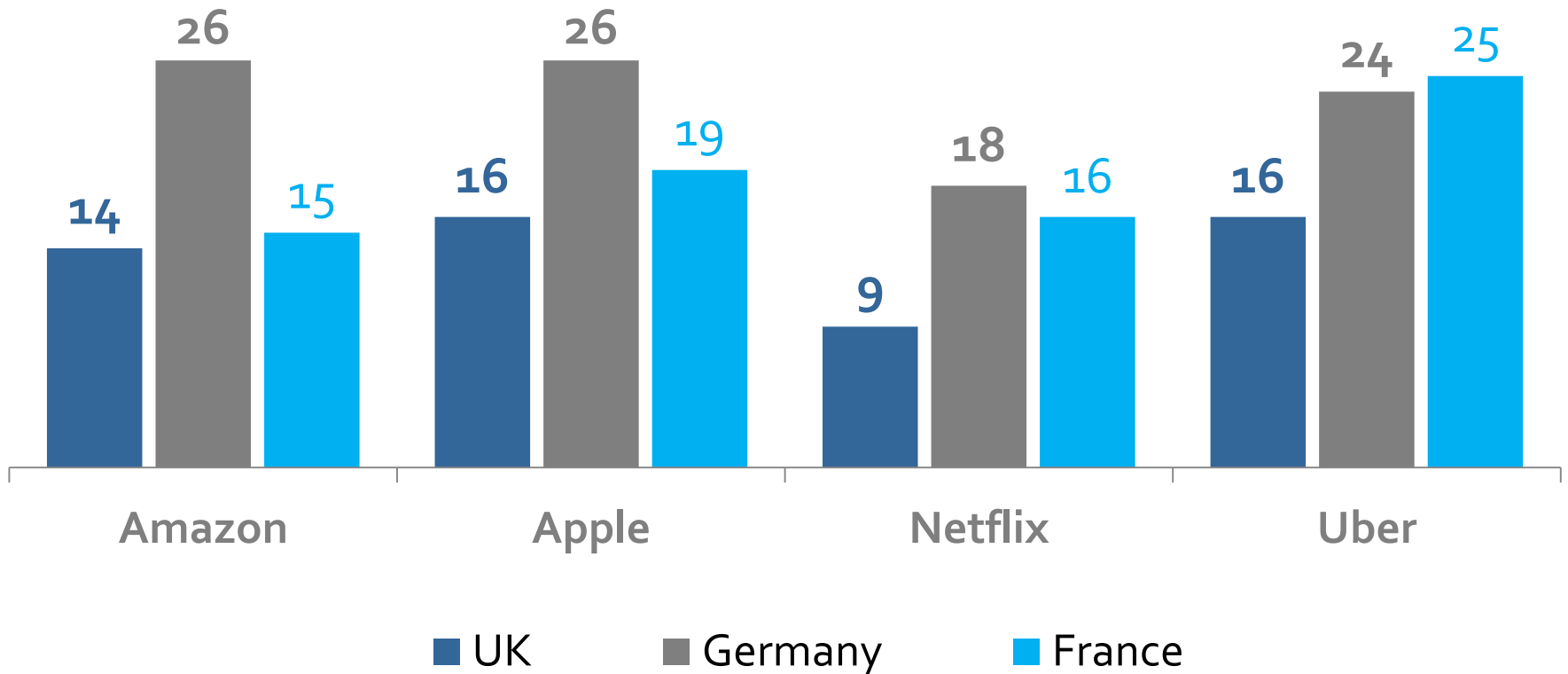
Q. To what extent do you trust [X] to behave responsibly in the way they operate as a business?

- Tend to trust
- Tend to distrust

Noticeable national differences in levels of distrust

UK consumers are the most trusting

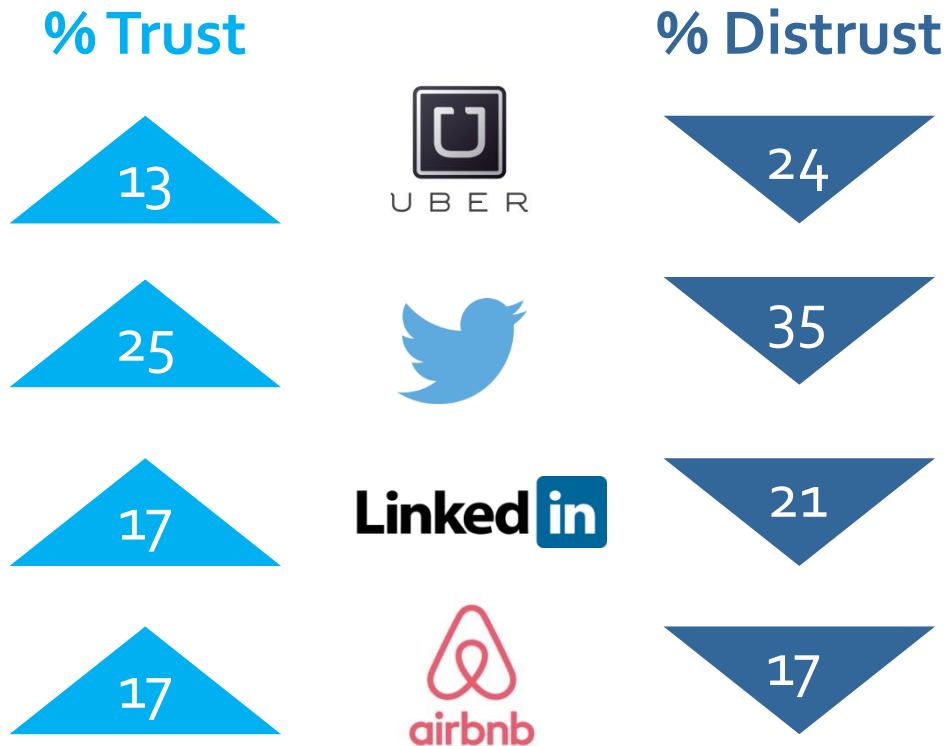
% Distrust the way [X] operates as a business



Source: Brunswick Insight

But Germans are sceptical of many US companies

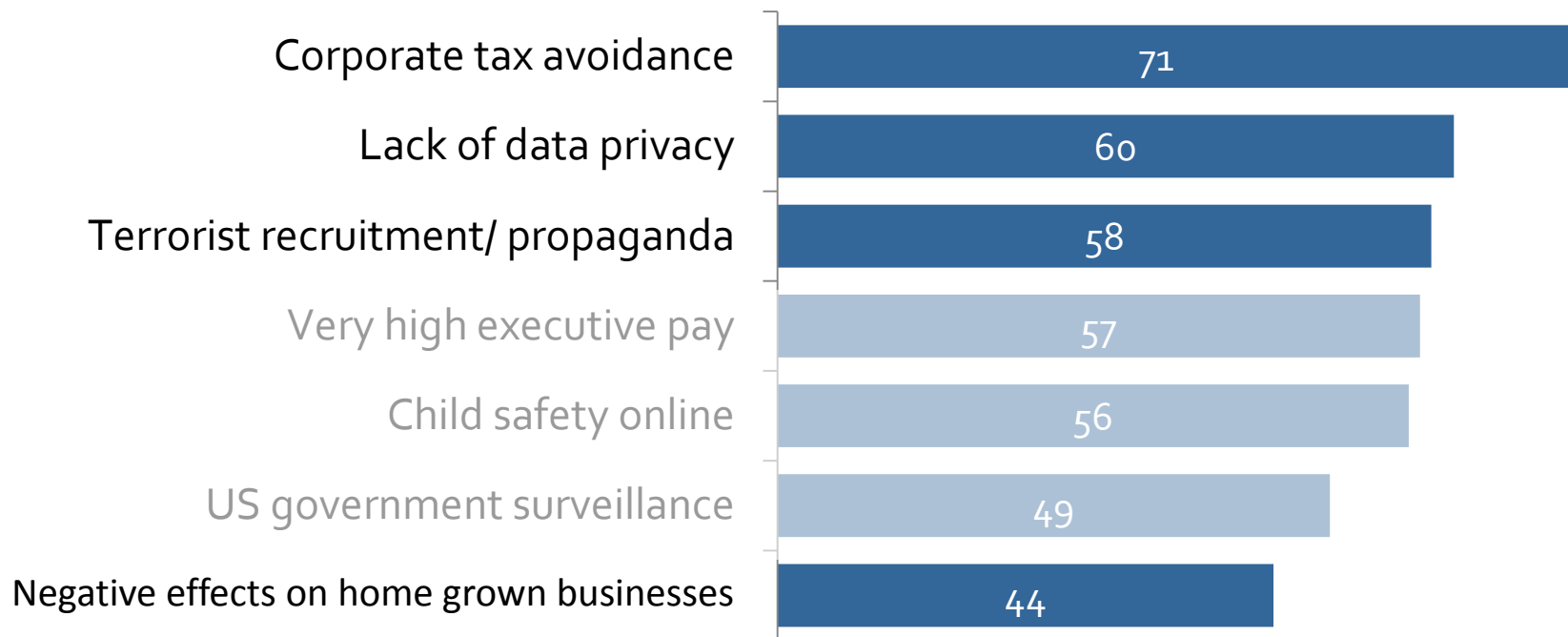
Several companies have more detractors than advocates in Germany



- Social media and sharing economy companies fall below net positive trust
- Creates issues when facing a media issue or dealing with regulatory attention
- New/less established entrants have bigger hill to climb

Tax, National Security and Privacy lead public concerns about corporate behaviour

Q: *Thinking about the technology sector, how concerned are you personally about each of the following issues? (% very concerned)*



Source: Brunswick Insight, 2014

1. Tax

Handelsblatt

SCHRITT GEGEN STEUER-DUMPING

EU strebt Mindestbesteuerung von Unternehmen an

von: rut • dri
Datum: 26.05.2015 07:43 Uhr

Ob Amazon, Apple oder Starbucks - einige EU-Staaten locken internationale Konzerne mit günstigen Steuertarifen. Damit könnte indes bald Schluss sein: Die EU-Kommission erwägt eine Untergrenze für die Körperschaftsteuer.

Wirtschaft

Steuerreform in der EU
Google, Apple & Co. sollen mehr Steuern zahlen

Große Konzerne rechnen ganz legal ihre Gewinne in manchen Ländern klein, um Steuern zu sparen. Bundesfinanzminister Schäuble will, dass das nicht mehr so einfach geht. Und hat offenbar breite Unterstützung.

13.09.2015



The Telegraph

Home Video News World Sport Finance Comment Culture Travel Life Women
Companies Comment Personal Finance ISAs Economy Markets Property Festival of Business

'Google Tax' targets 'double Irish' tax avoidance

Rules of new levy reveal two-pronged attack on multinationals that divert their British profits

the guardian
UK world sport health science culture economy lifestyle fashion environment tech every issue

Home > economy > markets > companies

Tax avoidance

Amazon UK boycott urged after retailer pays just £4.2m in tax

Margaret Hodge says consumer action forced Starbucks to pay tax in UK and could persuade Amazon to follow suit

LA TRIBUNE

Fiscalité du numérique : la polémique relancée sur la « taxe Google »

DIE WELT

Apple soll 879.751.590,00 Euro hinterzogen haben

Italien macht mobil gegen große Steuerhinterzieher. Jüngster Fall: Apple. Zwischen 2008 und 2013 soll der Konzern fast eine Milliarde Euro unrechtmäßig gespart haben. Doch die Amerikaner wehren sich.

THE INDEPENDENT

The story of a woman's search for a public inquiry into the transfer of the £1.5bn

CHRISTMAS CRACKERS
A long guide to the best of the festive season

THE TIME HAS COME FOR WELSH
I want to see the Welsh language on the streets of Cardiff

PLAY FAST AND LOOSE WITH JANET
The actress who has been the most successful British actress since the 1960s

Google boss: I'm proud of our tax avoidance scheme

Le Monde

Amazon cède face à Bruxelles sur la fiscalité

LE MONDE ECONOMIE | 26.05.2015 à 12h03 • Mis à jour le 26.05.2015 à 12h07 | Par Anne Eveno et Cécile Ducourtieux (Bruxelles, bureau européen)

manager magazin Amazon hat jetzt auch Steuern im Sortiment



Amazon-Logistikzentrum in Rheinberg: Jetzt auch mit Steuern

THE WALL STREET JOURNAL Companies Avoid Paying \$200 Billion in Tax

Businesses avoid taxes by channeling their overseas' investments through offshore financial hubs

FINANCIAL TIMES

Technology does not possess a divine right

January 25, 2015 3:09 pm
Silicon Valley needs to engage with democratic governments

Google

The technology industry likes to regard itself as the future while governments and rival industries remain stuck in the past. But it is not always adept at dealing with the present.

Technology's disruptive effects — on jobs and employment conditions; on corporate taxation; on the efforts of security services to catch terrorists; on data privacy — are strong and intensifying. They raise concerns among politicians, regulators and society that the industry has to address intelligently and flexibly. Too often, it fails.

As any bank can attest, becoming a target of popular resentment makes life difficult. It is demoralising for employees and it makes it difficult to resist regulations and by is not yet Wall Street but it is vulnerable to the same

Daily Mail

CONTINUING OUR FABULOUS WEEK OF OFFERS

£100 OFF HEALTHCARE AT Boots

£5 OFF when you spend £30 on healthcare
Save £2 on Cold Defence nasal spray
Three for £1 on Boots Ultra Balm pocket tissues

THE 'IMMORAL' TAX AVOIDERS

Amazon, Starbucks and Google lashed by MPs over elaborate schemes that deprive Britain of millions

Just six months on and Peaches pregnant again

Give back cash, BBC boss told

Tax increasingly framed as a question of morality not legality

“We're not accusing you of being illegal, we're accusing you of being immoral.”

Margaret Hodge, Chair of UK Parliamentary Public Accounts Committee, to Google, Amazon and Starbucks executives appearing before the Committee



2. National Security



theguardian
Isis's online propaganda outpacing US counter-efforts, ex-officials warn



How ISIS Uses Twitter To Recruit Women



ISIS has mastered a crucial recruiting tactic no terrorist group has ever conquered

Pamela Engel
May 9, 2015, 11:29 AM 2,396 3

International New York Times



THE WALL STREET JOURNAL. U.K. Panel Criticizes Intelligence Agencies Over Soldier's Killing

Report Also Lays Into U.S. Internet Companies For Not Doing Enough to Fight Terrorism



Politicians are committed to action

“Previous French law on wiretapping dates back to 1991, when there were no mobile phones or internet. The new bill is crucial in the face of extremist threats.

The measures proposed are not aimed at installing generalised surveillance. On the contrary, it aims to target people who we need to monitor to protect the French people.”

*Manuel Valls,
Prime Minister of France*



Europeans favour government access to data for security purposes

Even at the cost of personal privacy

45%

Favour restricting the amount of data that government security services can access to protect personal privacy and freedom, even if that makes it harder to monitor potential terrorist threats and other criminal activity



55%

Favour allowing government security services to retain and analyse large amounts of citizens' online data to help prevent terrorist threats and other criminal activity

Source: Brunswick Insight

UK public backs new surveillance legislation

Q: *The UK needs stricter laws to force internet and social media companies to give the security services more information they hold about suspected criminals?*

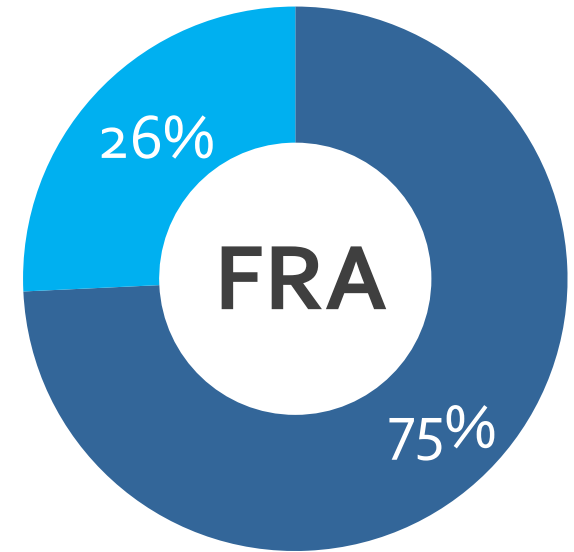
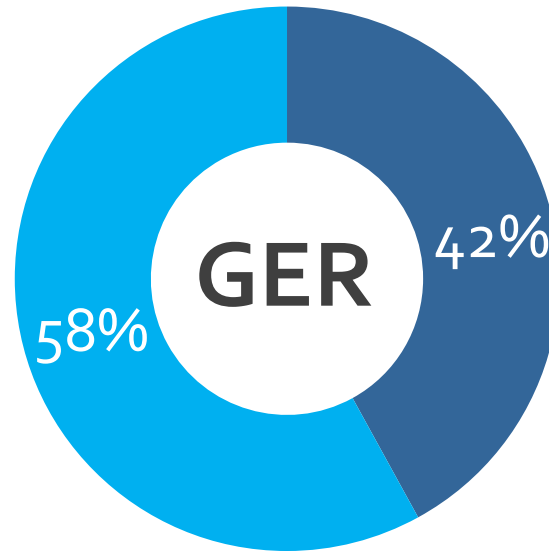
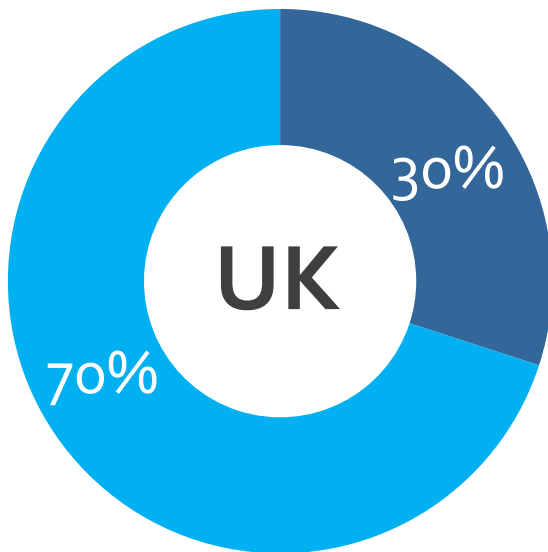


3. Privacy

'Data privacy' means different things: in France it's companies using data; in the UK it's hackers

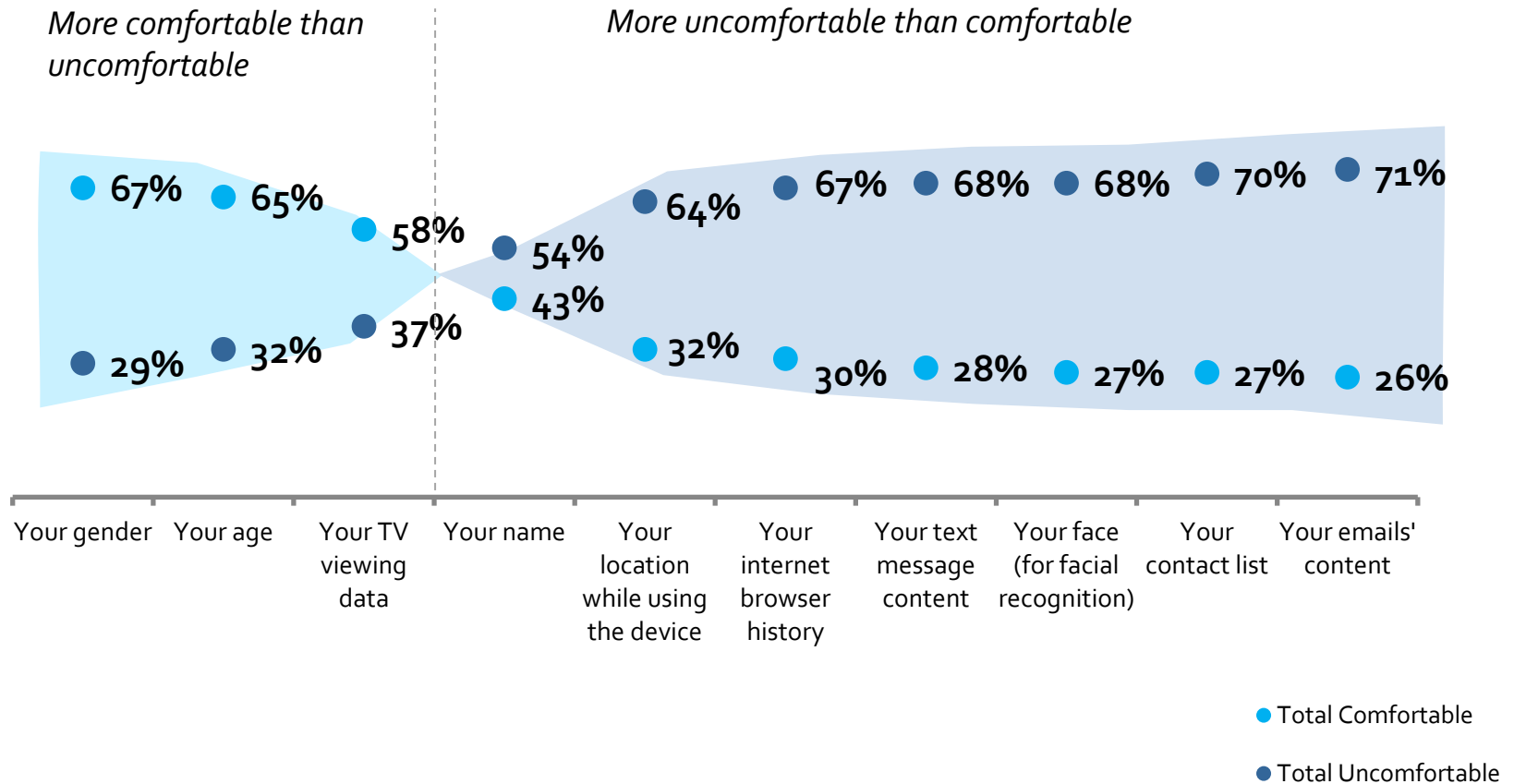
1. When I think about data privacy, I am most concerned about my personal information being stolen by hackers or compromised in any other way that could make me a victim of identity theft

2. When I think about data privacy, I am most concerned about companies tracking my physical location or online activity and then selling or sharing this information with other companies without my direct permission



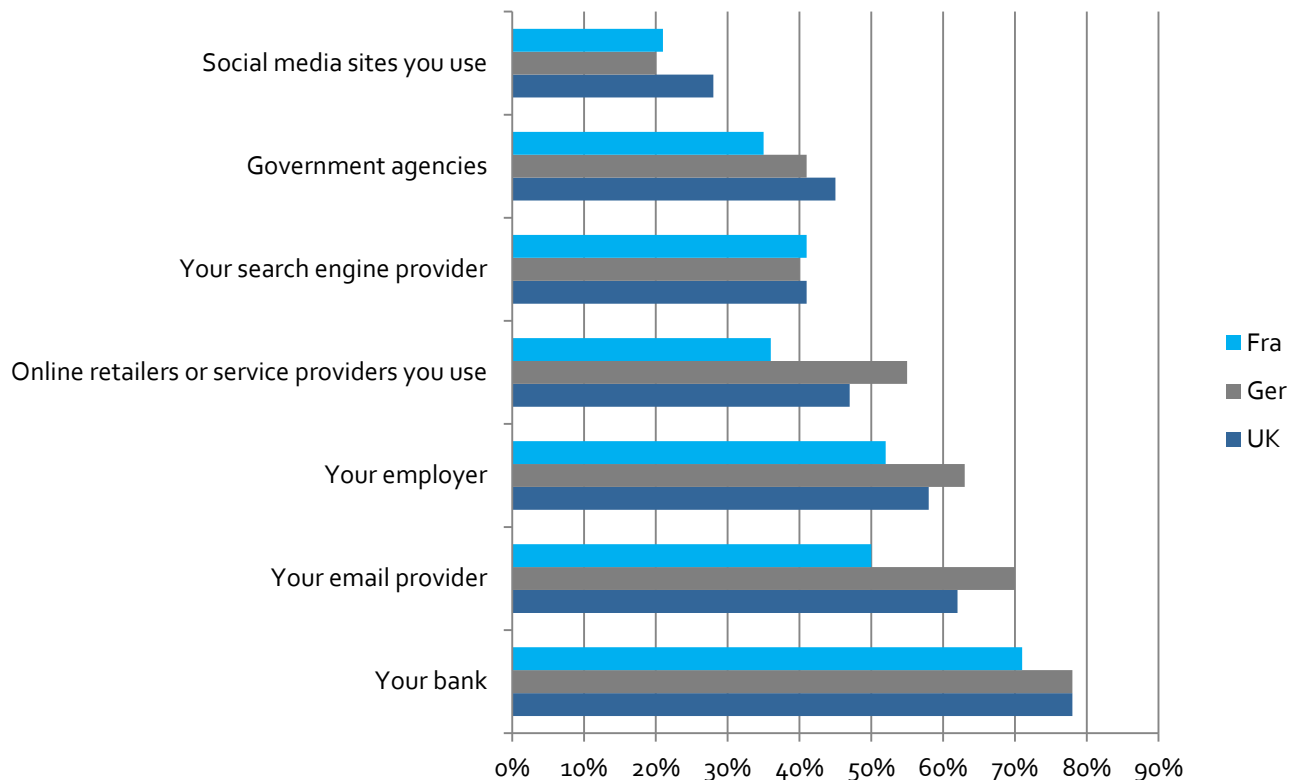
Source: Brunswick Insight

Public uncomfortable sharing data in first place



Social media companies rank below governments

Q: *Some companies and organisations record data about your online activity, either for their own purposes or for legal reasons. How confident are you that each of the following will keep your information private and secure?*



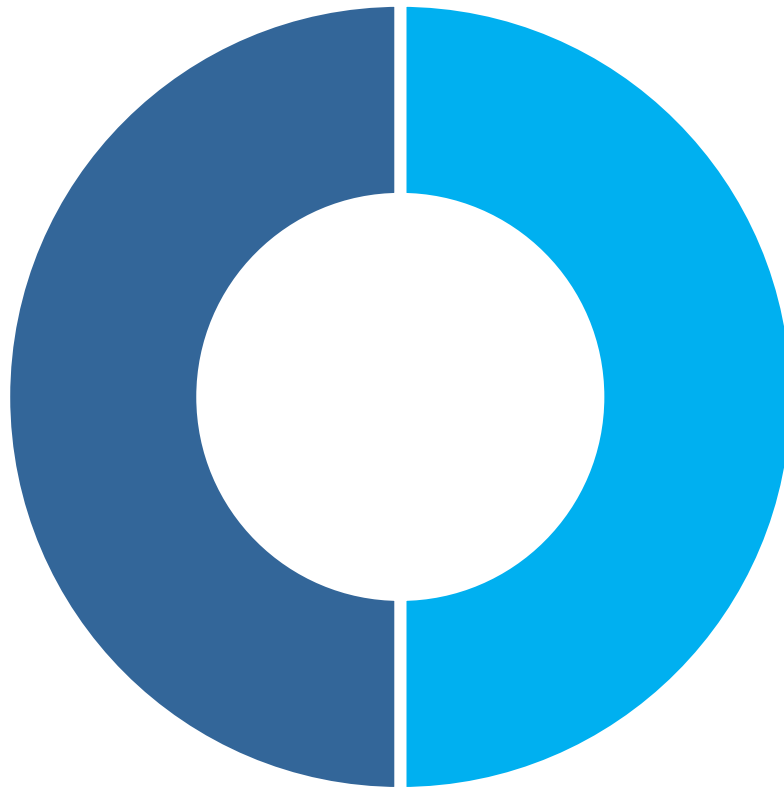
Divided on perceived value exchange

Evenly split when forced to make a direct trade-off

Q: *If you had to choose between the following two options, which would you prefer?*

50%

Have online services that are free to use, but allow service providers to use your personal data



50%

Pay a direct cost to use online services, but keep all your personal data private



hate is just
a word for
somebody you
love but no
longer believe in

@hugh



B. The Regulatory Agenda

Political context

- Media and social criticism of US companies based on atmospheric issues (eg tax) – weakens standing and reputation ahead of regulatory battles
- French and German industries pushing for increased regulation of online competitors under 'level playing field', using home turf procedures and offices
- Perception that US tech companies have prospered on the back of inadequate EU rules – time for a proper framework to be implemented
- Strategic national imperative for all traditional industries to remain competitive

BloombergBusiness  News Markets Insights Video

Anti-Uber Taxi Protest Blocks Access to Paris's Roissy Airport

 REUTERS

France cracks down on Uber after taxi driver protests

PARIS | BY JAMES REGAN AND JOHN IRISH

 FORTUNE SUBSCRIBE

Google defies France over "right to be forgotten"

THE WALL STREET JOURNAL. 

Airbnb Will Make You Pay Tourism Taxes in Paris as of October

Technology

Germany faces European Commission probe over Uber ban

Duncan Robinson in Brussels

 VB

NEWS EVENTS RESEARCH

SUBSCRIBE Sign up | Login 

Airbnb agrees to collect taxes on rentals in Paris, its biggest market

CHRIS O'BRIEN AUGUST 25, 2015 4:39 AM

TAGS: AIRBNB, PARIS, SHARING ECONOMY, TAXES

To America, it looks like organised protectionism

“We have owned the Internet. Our companies have created it, expanded it, perfected it in ways that Europe can’t compete. And oftentimes what is portrayed as high-minded positions on issues sometimes is just designed to carve out some of their commercial interests.”

President Obama, February 2015





But Europe is not trying to go head-to-head with Silicon Valley

"Americans are in the lead. They have the data, the business models and the power... Industry in Europe should take the lead and become a major contributor to the next generation of digital platforms that will replace today's Web search engines, operating systems and social networks."

Günther Oettinger, EU digital commissioner, February 2015



Continental policy elites are warmer than you might think

"US tech companies can be blamed for lots of things, such as their tax optimization schemes (which need to be better regulated)...But the net balance of their contribution to the overall economy and to the progress of society is largely positive."

Policy official, France

Political reactions are deeply practical

“When someone attacks your business model then you react. Disruption draws a response. We see disruption as a good thing that produces better services and more competition, the UK has always been very open to that. But that’s not the case everywhere. Many local politicians are inclined to favour their local voters and job creators.”

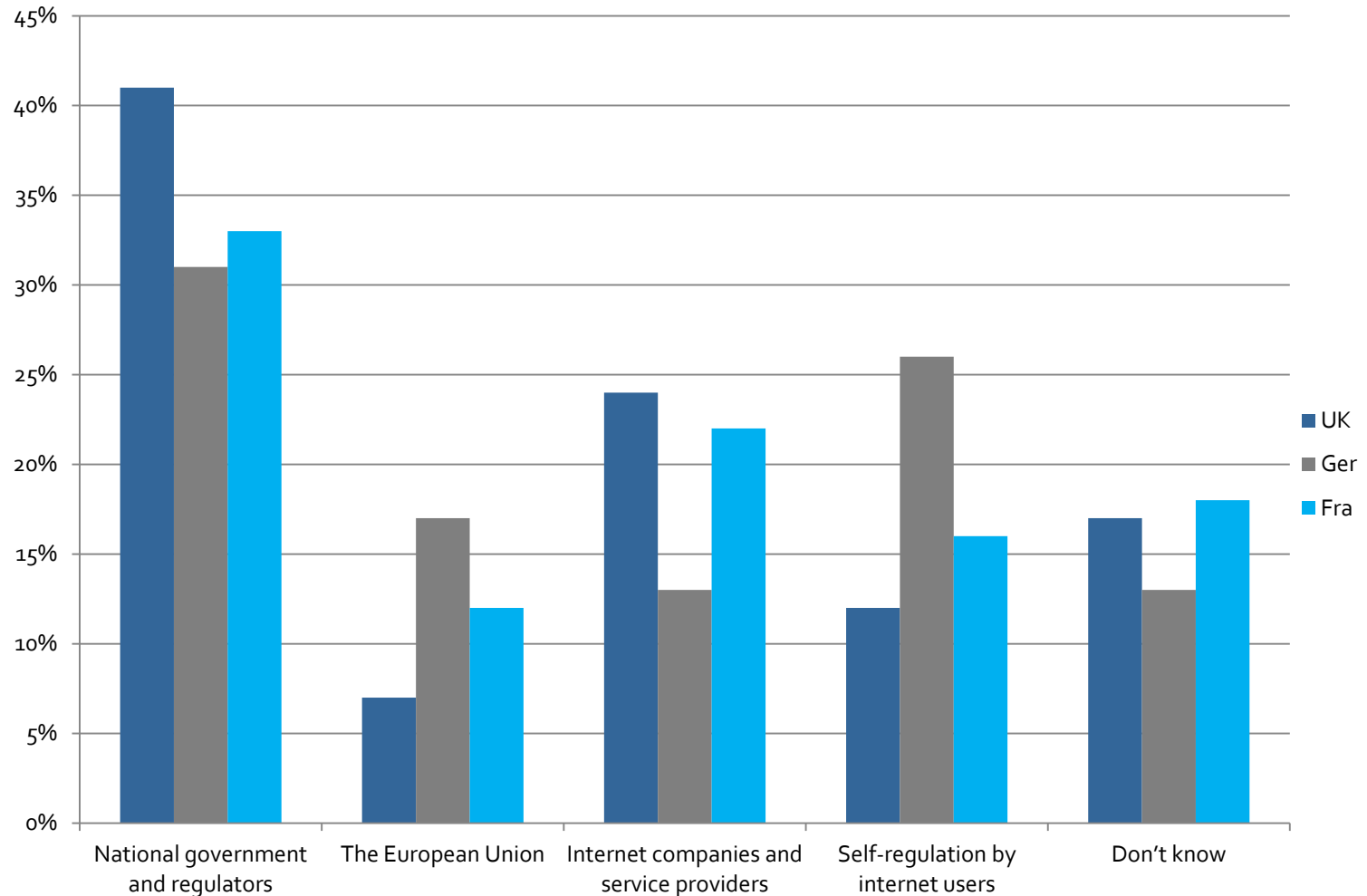
Policy official, UK

“The key driver of the EU’s regulatory onslaught is not concern for the welfare of ordinary Europeans; it is the lobbying power of protectionist German businesses and their corporatist champions in government.”



Brussels policy expert

Q. Who do you think should have the main responsibility for regulating the internet in your country?



EU vs US : a myth (so far)

Competition issues in Europe are driven not by European companies or politics, but rather by US competition for access to EU market



VS.



VS.



VS.



(among others...)

Changing as tech disrupts traditional industries

Tech companies provide more than just technology, encroaching on traditional sectors: biggest threat will be traditional economy competitors, which in turn will drive political response.



amazon



hachette
BOOK GROUP



axel springer



airbnb



Hotrec®
Hospitality Europe



EHMA
European Health Management Association



UBER



NETFLIX



orange™



sky

The Digital Single Market Strategy

I

Better access for consumers and businesses to online goods and services. A key focus are obstacles to cross-border online activities.

- Create simpler contract rules
- Reduce administrative burden due to VAT
- Review regulation on consumer protection
- Measures on parcel delivery
- Tackling geo-blocking

II

Create the right conditions and a level playing field for advanced digital networks and innovative services to flourish.

- Reform telecom framework
- Revise audio-visual media law
- Analysis of role of online platforms
- Review of privacy law
- Create a Public Private Partnership on cybersecurity

III

Boost the overall digital economy and maximise the growth benefit of digital for all sectors and the broader EU economy.

- Initiatives on data ownership, free flow of data and European cloud
- Create new ICT standards
- Push for more e-government (more public procurements)

The Digital Single Market: Two Views

The DSM Strategy reflects both the new structure of the Commission, with Vice Presidents giving the general orientation and Commissioners implementing, and different approaches to the digital economy



Andrus Ansip

Vice-President for the Digital Single Market

- From ultra-connected Estonia with an 'everything digital' attitude.
- Strong proponent of a true online European Digital Single Market.
- Fiercely opposed to geo-blocking: "There are two logics. The logic of geo-blocking and the logic of the internal market. We have to make our choice. Those two, they cannot coexist."



Günther Oettinger

Commissioner for Digital Economy and Society

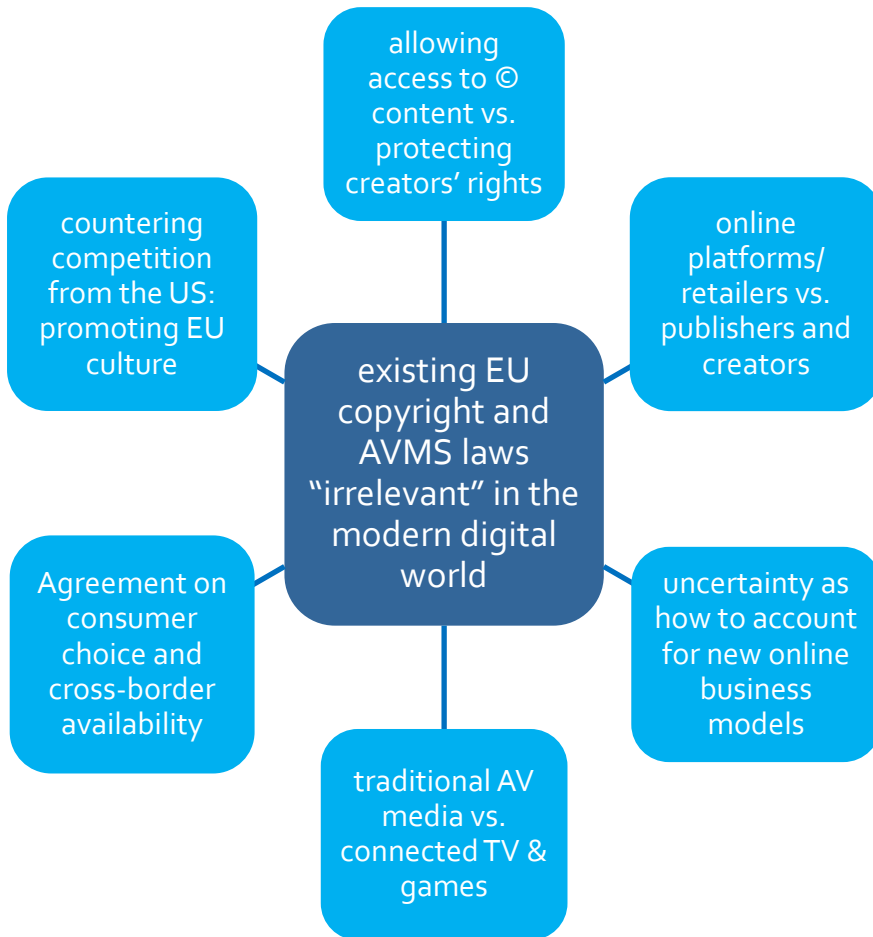
- The DSM is a means to support the EU's 'real world' industries: "to ensure that all industrial sectors make the best use of new technologies."
- Views his primary role as supporting the EU's telecoms and content owners.
- Not afraid of intervening in areas well beyond his remit.

Regulation of Platforms

- Online platforms defined (roughly) as “a firm operating in two - or more - sided markets which uses the internet to enable interaction between two or more groups of people that depend on each other to generate value for at least one of the group.”
- For instance: search engines, online marketplaces (like eBay or Amazon) audio-visual and music platform (Netflix, Apple TV, Spotify, Deezer etc.) payment platforms (e.g. PayPal), sharing economy platforms.
- Commission to look at: lack of transparency, relationship between platforms and users, intermediary liability, use of data by platforms, attitudes towards illegal content, enforcement, notice and action, portability, fair remuneration, interoperability etc.
- A Public Consultation will be launched on 23 September.
- Commission actions unclear – the consultation’s questions will give an idea of what to expect – potential regulatory initiatives to follow. This can either be through the revision of existing laws or the introduction of a new proposal.

July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Preparation studies/informal consultations		23 Sept: Public consultation									
			Workshops/high-level roundtables						Completion of assessment – decision of next steps		

Copyright and Audio-visual Framework



- Ensuring the portability of legally acquired content
- Ending geo-blocking: ensuring cross-border access to legally purchased online services
- Greater legal certainty for cross-border use of content for specific purposes (e.g. education, research, text & data mining)
- Modernizing IPR enforcement, focusing on commercial-scale infringements ('follow-the-money' approach) as well as its cross-border applicability
- Consultation on geo-blocking to start in September 2015
- No legislative action due before spring 2016

The Sector Inquiry into e-Commerce

Service providers, manufacturers, merchants, online market places and price comparison websites have to communicate all agreements, decisions and concerted practices

- Sectors to be analysed include digital content, electronics, clothing & shoes
- Questionnaires were sent out in June/July
- Inquiry may lead to:
 - specific investigations and/or
 - new interpretation of Vertical Restraints Guidelines and/or
 - accelerated timeline for the Review of the Block Exemption Regulation

Inquiry timeline

6 May 2015	June / July 2015	July / August 15	Mid-2016	Q1 2017
Launch	Questionnaires sent	Replies due	Preliminary Report	Final Report

Taxing Profits Where they are Generated



Physical



Hybrid



Virtual

- Desire to ensure companies pay “their fair share”: awareness that the current set-up allows companies to escape from taxation in Member States
- LuxLeaks put Commission President Juncker in the spotlight – arguments for tax as national competitiveness tool become more difficult for smaller Member States
- The Commission launched State Aid investigations to address corporate tax loopholes and proposed an Action Plan in June 2015 to introduce a system whereby profits are taxed where they are generated
- The European Parliament launched an investigation into tax rulings – given the impact on national budgets, the intent is to curb these practices

So who is really fighting who?



Thank you

Chris Blundell

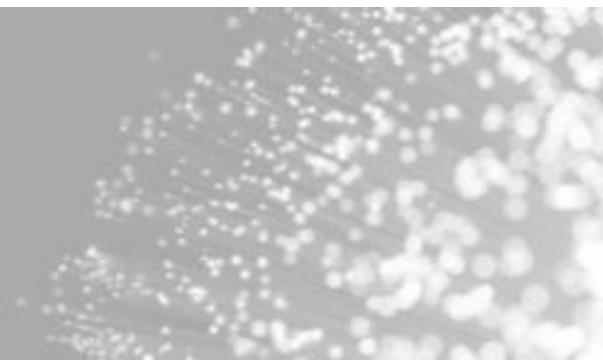
cblundell@brunswickgroup.com

+44 (0) 7974 982408

Philippe Blanchard

pblanchard@brunswickgroup.com

+32 (0) 496 545 981



Appendix

Methodology

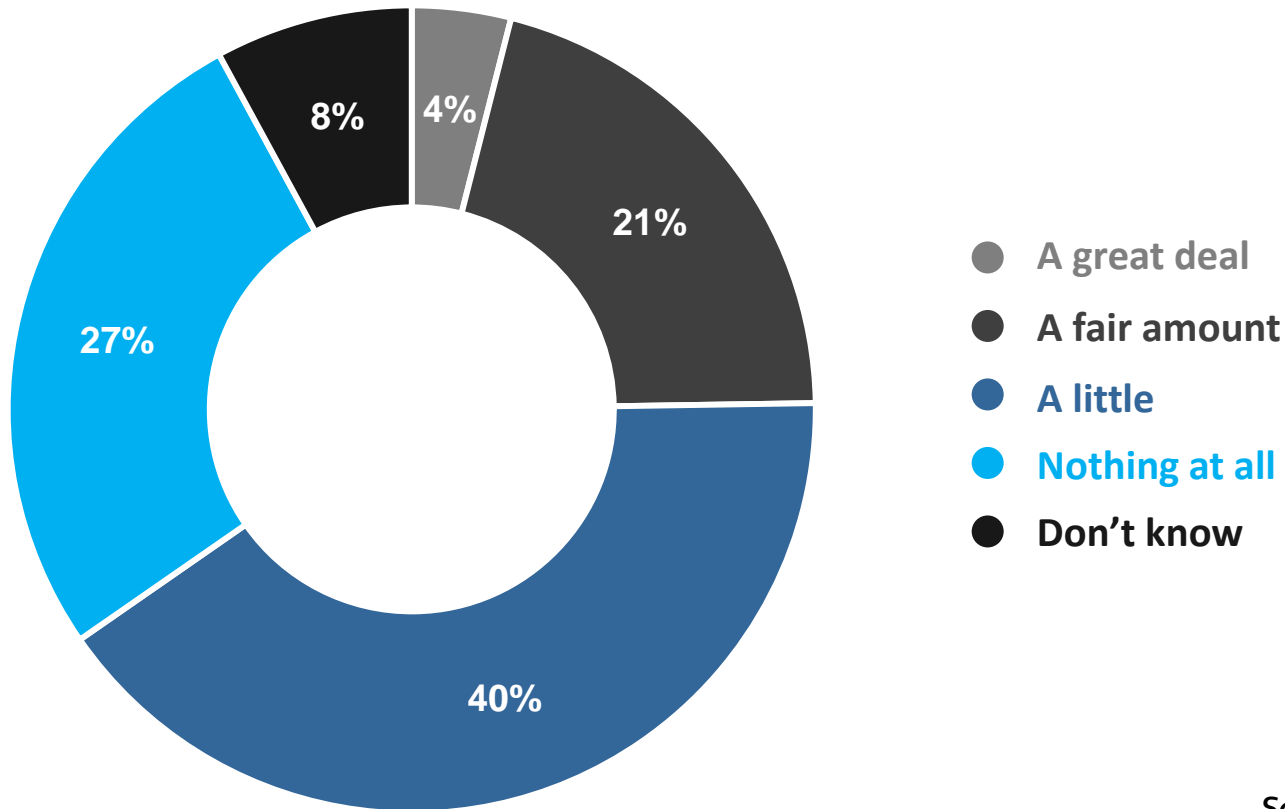
Brunswick Insight polling data is based on a survey conducted with 3000 people across Europe's three largest markets

In addition, Brunswick interviewed 12 European policy elites across Brussels, the UK, France and Germany on a confidential basis. Participants included regulators, politicians and public affairs experts

	Quantitative research
Audience	Nationally representative sample of adults in the following markets: UK, France and Germany
Sample size	n=3000 total (n=1000 each in the UK, France and Germany)
Fieldwork dates	3 rd -7 th September 2015
Mode	Online

Knowledge of internet governance

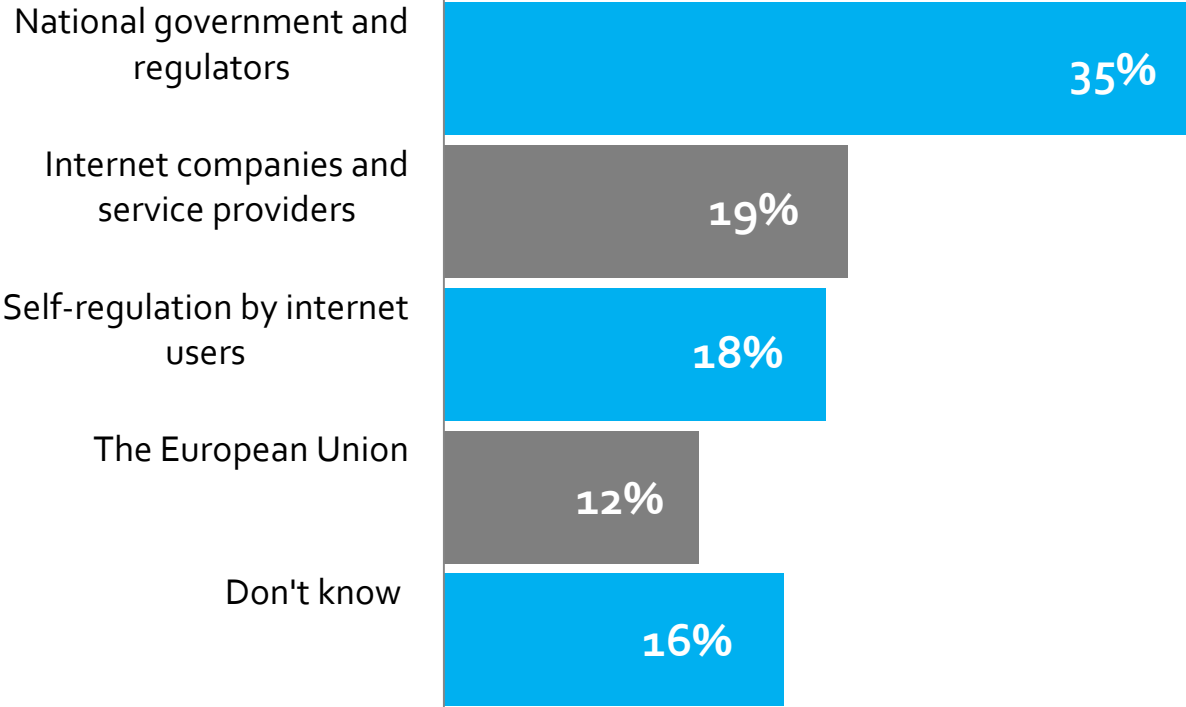
Q: How much do you feel you know about the way the internet is regulated in your country and across the European Union?



Source: Brunswick Insight

Who should regulate the internet?

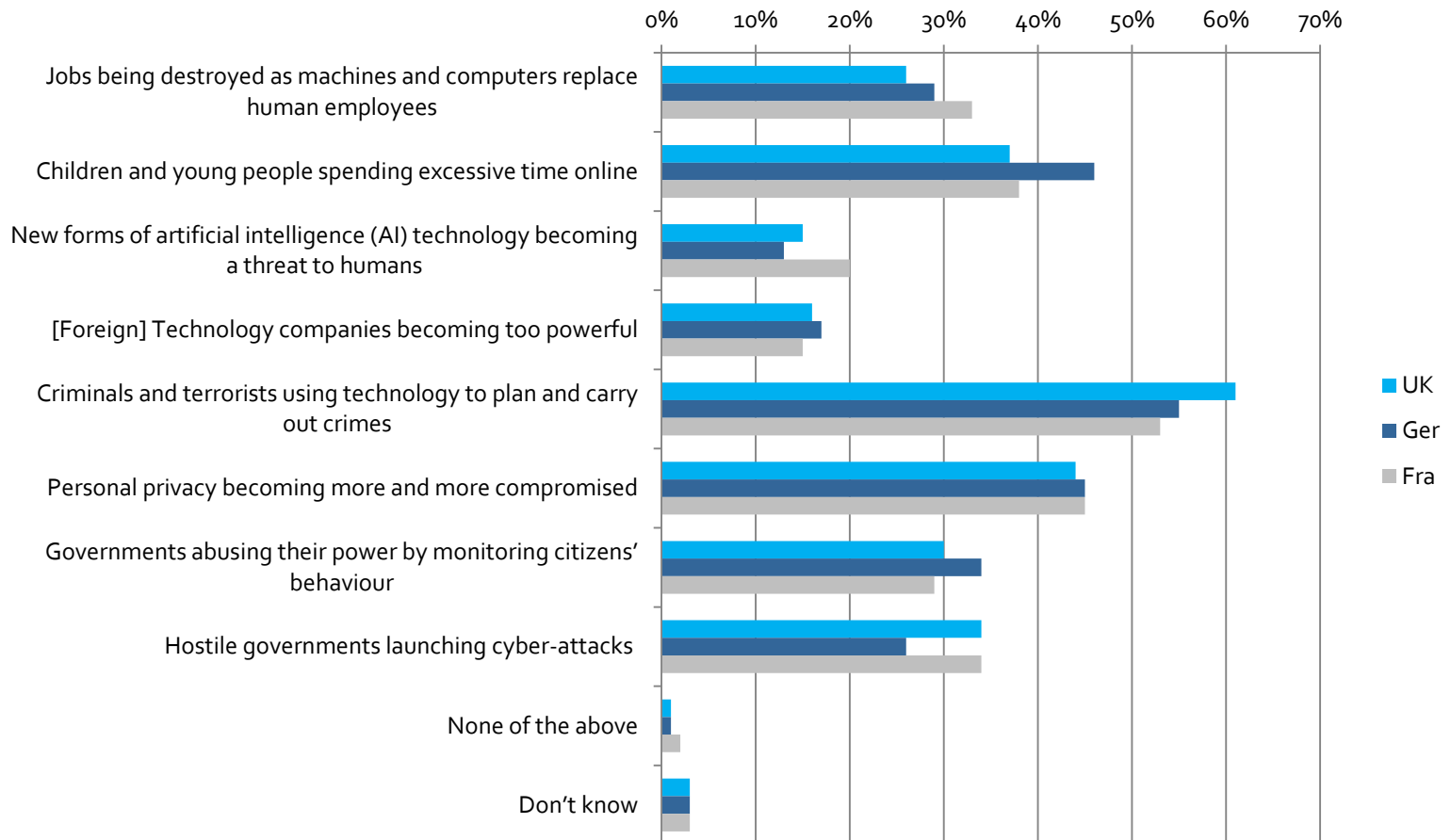
Q: Who do you think should have the main responsibility for regulating the internet in your country?



Source: Brunswick Insight

Impact on society/the future

Q: Below is a list of potential concerns sometimes raised about the impact of technology in the future. Please select your top concerns.

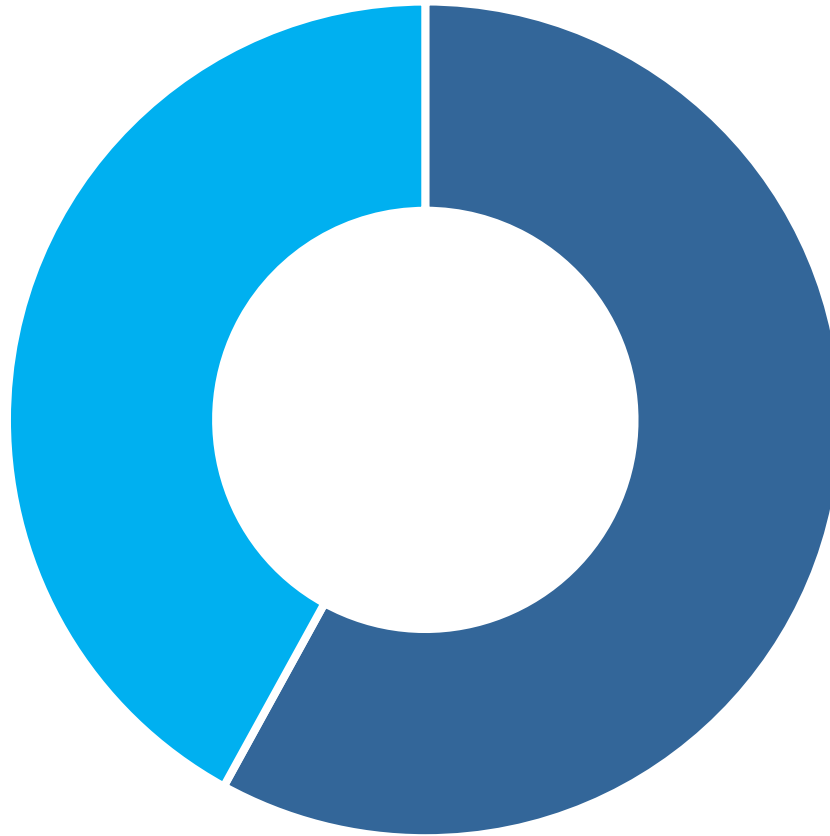


Artificial Intelligence

Q: Which of these comes closest to your view on artificial intelligence?

42%

Artificial intelligence will create **more benefits** than risks: it will lead to faster computers, new innovations and greater efficiency at work, making people's lives easier.



58%

Artificial intelligence will create **more risks** than benefits: artificially intelligent machines could dangerously malfunction or be hacked by criminals, terrorists or hostile governments.

Source: Brunswick Insight

Impact on jobs

Q: Which of these comes closest to your view?

New digital and internet technologies have a **negative** overall effect on jobs, with software and machines replacing workers and destroying jobs.

42%



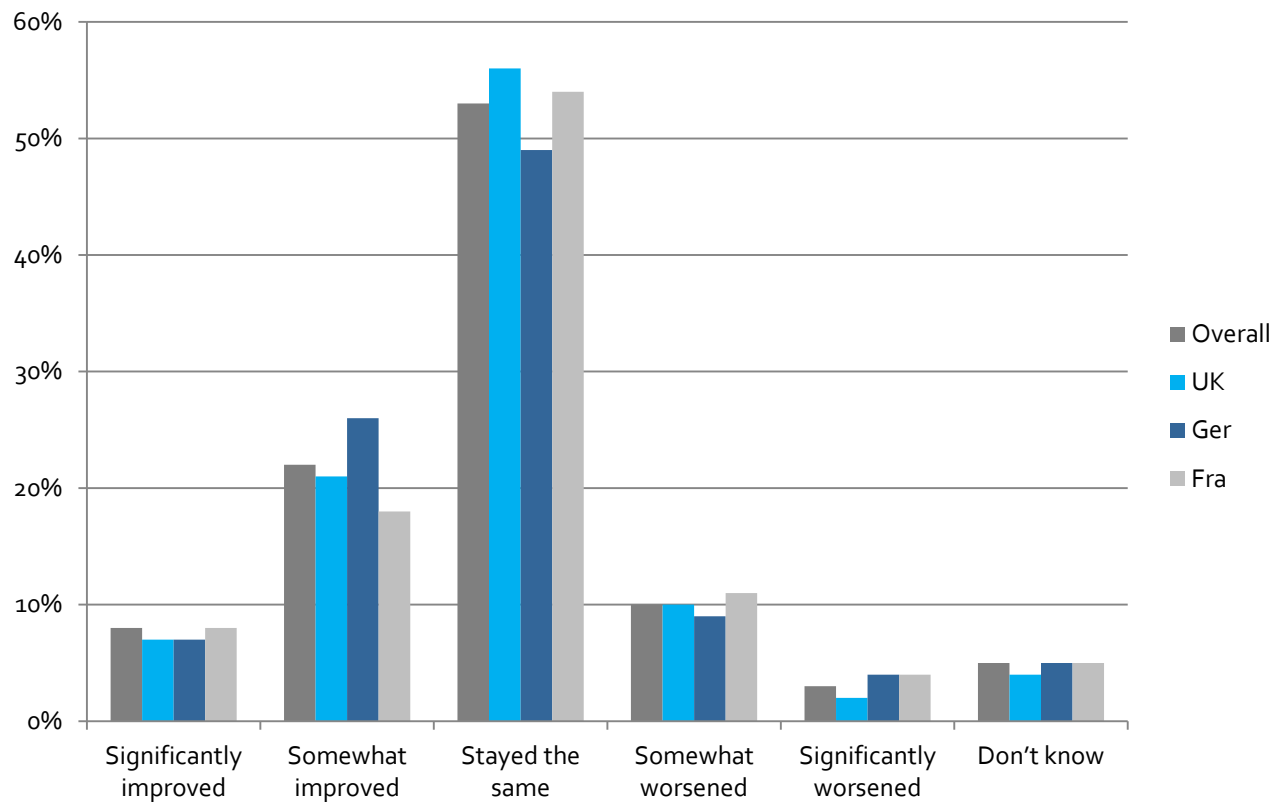
58%

New digital and internet technologies have a **positive** overall effect on jobs, because they increase efficiency and create highly-skilled, well-paid jobs.

Source: Brunswick Insight

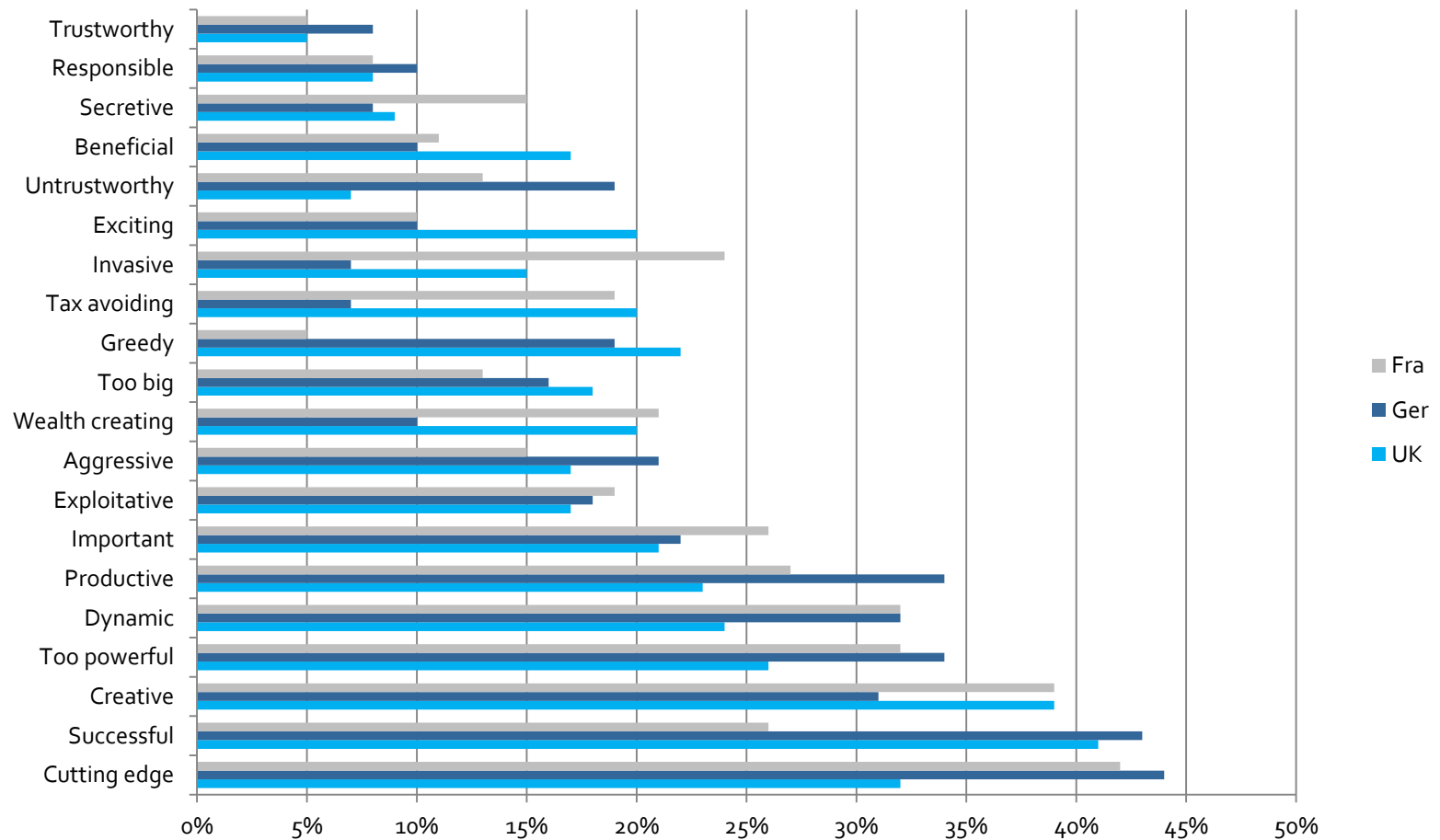
Country sentiment trend

Q: Has your opinion of technology companies improved, worsened or stayed the same in the last year or so?



Country attitudes to American tech companies

Q: Below is a list of words that might be used to describe [American] technology companies. Select the FOUR words you associate most strongly with them



The Brunswick Group is an international corporate communications partnership that helps businesses and other organizations address critical communications challenges. Brunswick is an international team of more than 800 people based in 23 offices and 14 countries.

This research was conducted by Brunswick Insight, the research and consulting arm of the Brunswick Group. Brunswick Insight provides data-driven strategic communications counsel for Fortune 500 and FTSE 100 companies, industry organizations, and non-profits. Our team of experts has conducted research in more than 70 markets around the world and has expertise in corporate reputation, issues management, narrative and message development, and thought leadership.