ECCIA speaking points on selective distribution

I. Background

The Vertical Block Exemption Regulation ("VBER") and Guidelines on Vertical Restraints ("VGL") is the European framework laying down the rules on agreements between companies at different levels of trade (so-called "vertical agreements"), including on the application of selective distribution. This framework is valid until 2022.

In November 2018, the European Commission's directorate for competition (DG COMP) launched the evaluation process to assess whether the VBER and VGL are still fit for purpose. It launched a public consultation in February 2019 to gather stakeholders' views. In July 2019, the Commission published the results of the consultation, which showed a general consensus of the validity of VBER but presented its potential revision as an opportunity to adapt the framework to the digital reality of today and tomorrow.

Before launching the two-year impact assessment phase of the revision of VBER in May 2020, DG COMP organises in November a workshop with representatives of the entities that contributed to the consultation to discuss the results of the consultation and explore future options for the revision of VBER.

The objective of this document is to list the key topics of relevance for the European luxury sector and put together a number of arguments and counter-arguments in order to prepare and align ECCIA and its members in view of future debates.

II. The importance of selective distribution for high-end and luxury industries

Luxury industries are a European success story: 70% of the world's top 25 companies are European. In 2018, European high-end and luxury industries reached an annual turnover of €820 billion, which represents over 5% of the EU's GDP. They also employ over 1.3 million people directly in Europe.

In order to offer consumers the high-quality experience they expect when they wish to buy our products, high-end and luxury industries strive to ensure that the creativity, innovation, and *savoir-faire* behind their products are delivered to customers in a quality environment, which allows for a personalised and tailor-made experience.

Consistently maintaining the excellence of our customer experience and retail environment requires our industries to maintain control over their value chains, from production to the retail experience high-branded products offer to customers.

Over the past ten years, high-end and luxury industries have invested heavily into building **"omnichannel" experiences for their customers**, where the line between online and offline is increasingly blurred. As a result: today, 80% of luxury product sales have a digital touch point[1]. Nevertheless, over 90% of luxury products are still sold in the physical world. These trends demonstrate that, while our customers are increasingly connected and mobile and, as a result, express their willingness to browse our products or engage with our brands while on the move, they are still willing to enjoy the shopping experience associated with buying luxury products.

Selective distribution has allowed for European luxury companies to distribute their products in an environment that is compatible with the luxury image of their products. As such, the VBER and VGL have provided the luxury industry with a vital framework that has allowed luxury companies to retain control over the environment in which their products are sold, as well as to provide their customers an exceptional retail experience, which they expect, and which is coherent with the "aura of luxury"[2] of the products.

III. The benefits of selective distribution

Selective distribution is a system in which suppliers rely on a network of specialised intermediaries to sell their products. It gives consumers access to a wide variety of innovative products and advice provided by professionally trained personnel focused on their specific needs.

Selective distribution is driven by a large number and a variety of retailers, ranging from SMEs to larger retailers. For example, in the case of perfumes and cosmetics, there are over 17,000 luxury outlets and about 110,000 beauty salons, in addition to around 150,000 pharmacies in the EU.

Selective distribution has a whole range of benefits, including the following:

1) Benefits to consumers

Selective distribution outlets bring a variety of **benefits to consumers**:

- Choice and innovation: an ever-wider range of innovative products that meet the highest consumer expectations;
- Service: professionally trained sales forces to advise consumers;
- Experience: creation of a brand environment supported by marketing investments that create a unique shopping experience;
- Quality and authenticity: consumers have the guarantee that products bought from authorised resellers are authentic and of the highest quality[3].

[1] McKinsey & Company, Apparel, Fashion & Luxury Group: The age of digital Darwinism, 2018
[2] CJEU, Coty Germany GmbH v Parfümerie Akzente GmbH, 2017
[3] According to a survey carried out by IPSOS and entitled "World Luxury Tracking" (2019), consumers are looking first and foremost for high-quality products, and this trend tends to strengthen in China. Indeed, 92% of consumers think the first criterion they require from a brand is the guarantee of high quality; authenticity is the second major expectation for 90% of them.

2) Positive impact on competition

Brands that operate selective distribution systems usually encourage competition, for example by requesting their distributors to also sell products from competing brands. This has enabled the creation and development of selling environments where consumers are offered a wide variety of products, where brands compete on the quality of their products, the appeal it has for consumers, as well as the experience we offer to them.

High-end and luxury industries are characterised by **strong inter-brand competition**. Indeed, the five top players in the high-end and luxury market only represent 30% of the market[4]. Competition is even stronger in the perfumes and cosmetics branch, where the world's ten largest perfumes and cosmetics companies account for 26% of global revenues in 2017, a lower share than in 2010 (30.7%)[5].

3) Legal certainty for brands

Selective distribution has given the luxury industry the necessary **legal certainty** to – under certain conditions - benefit from the block exemption when setting up its selective distribution networks. The existence of a European framework gives businesses the confidence to roll out their practices throughout the Single Market, while retaining the confidence that these rules will prevail over national legislations when interpreted by the Courts.

4) Benefits to the European economy

Overall, **selective distribution has enabled high-end and luxury industries to remain key contributors to the creation of sustainable jobs and growth in Europe**. High-end cultural and creative industries directly employ 1,3 million people in Europe, compared to 990,000 in 2010[6] when the Vertical Block Exemption Regulation was adopted. Similarly, our sector's annual turnover has grown from €428 billion in 2010[7] to €820 in 2018, representing an 91% increase in seven years' time.

In addition to the immediate benefits to jobs and growth, high-end and luxury industries' substantial investments into their physical retail network has contributed to the attractiveness of European city centres and more generally to the tourism industry. Indeed, because many of our companies are deeply rooted in Europe's cultural heritage, tourists come to visit Europe's most emblematic monuments, and often do not leave without bringing back a souvenir of their trip, which they often find in our boutiques located in the cities' historic centres, while enjoying a personalised customer experience.

---

[4] ECCIA manifesto, Securing the leadership of the European cultural and creative industries in the digital era, p.10
[5] RBB Economics report, The effects of vertical restraints and online sales in the cosmetics industry, p. 55
[6] Frontier Economics report, The contribution of the high-end cultural and creative industries to the European economy, 2014, p. 11
[7] Ibid, p.1

In sum, selective distribution has allowed European luxury companies to retain their competitive advantage on the world stage, while maintaining a high level of competition inside the EU Single Market, to the benefit of consumers, brands, and their authorised resellers.

IV. Essential provisions from VBER

While the upcoming revision of the VBER and VGL represents an opportunity to adapt the framework to the evolved retail landscape, several provisions remain valid today.

1) The brick and mortar clause

The possibility for suppliers to require their authorised distributors to operate at least one physical point of sale – the so-called "brick and mortar clause" – remains an essential provision for several reasons.

a) It reflects customers' demand for a high-quality personalised experience

The brick and mortar clause give our brands the possibility to continue to offer to their customers services that simply cannot be offered to them elsewhere than in the physical shops, namely the ability to touch, feel, and smell the product.

While 80% of all sales of luxury products have a digital touchpoint, 90% of our consumers still choose to buy our products offline. By ensuring the availability of physical points of sale, we are responding to our consumers' request.

Consumers need to experience our products to be able to fully appreciate them. Preferences regarding the smell of the products, their colour and their texture on the skin are a major factor influencing sales. These preferences are very heterogeneous across customers, even among customers that have similar tastes regarding other types of goods. For example, in the case of cosmetics, beauty products can have different effects when applied to different skin and body types.[8] Consumer surveys show that above 60% of consumers listed the ability to smell, touch and test the product as a reason to purchase offline[9]. 70%-85% of consumers marked the ability to test as important when buying for themselves cosmetic products that they have never tested before[10].

Professional and personalised advice is highly important for customers of luxury goods[11]. While we strive to offer our customers the same quality of advice online as we do offline, the advantages of a face to face interaction with our customers (see above) will always remain. For example, in the case of perfumes and cosmetics, there is often an information asymmetry between the buyer and seller;

[8] J.M. Behan, A.P. Macmaster, K.D. Perring, K.M. Tuck, Insight into how skin changes perfume, 1996
[9] Retail Dive, Consumer survey, 2017
[10] RBB Economics, The effects of vertical restraints and online sales in the cosmetics industry, p.16
[11] 83% of European consumers expect from luxury brands personalised products and services, according to the 2019 IPSOS survey "World Luxury Tracking".

the seller analyses the needs of the consumer and then suggests a particular product based on their expertise.

b) It allows suppliers to limit free-riding

A brick and mortar requirement is an efficient and legitimate way for suppliers to limit free-riding issues. Free-riding on the services offered by brick and mortar stores increases the marginal costs of brick and mortar retailers.

It allows brands to preserve the investments they and their authorised distributors make into their brick and mortar shops (location of the store, building a high-quality selling environment, training dedicated staff, etc.).

It should be noted that while the brick and mortar provision has to some extent enabled our brands to limit free-riding, it has not prevented certain distributors from opening "alibi" points of sale to circumvent this obligation and sell all of their stock online at lower prices. These lower prices are made possible by the fact that these distributors do not invest into their physical points of sale and choose to free-ride on the investments made by the brands themselves and their authorised distributors.

These actors put at risk the balance of our omnichannel networks. Therefore, the brick and mortar clause should be further strengthened to enable suppliers to exclude those actors from their distribution networks.

While the Guidelines already stipulate that "*the supplier may […] require that its distributors have one or more brick and mortar shops or showrooms as a condition for becoming a member of its distribution system*"[12], suppliers have not made use of this clause because of the lack of certainty associated to it. Therefore, we would encourage the European Commission to further strengthen this clause and clarify under which conditions it is proportionate to require authorised distributors to operate in more than one physical point of sale.

c) It contributes to the attractivity of Europe's city centres

It should be noted that brick and mortar (B&M) shops preserve the local economic tissue of city centres. Physical stores are beneficial for Member States and, on a larger scale, the European economy[13]. People expect the presence of B&M in their neighbourhood. Shopping centres are evolving from simple retail properties into shopping, dining and entertainment centres that are core to, and fully integrated with the communities that surround them[14]. Moreover, B&M shops and shopping malls have direct impact on investment in land. Empty shopping areas have negative externalities on neighbouring retailers. These developments are directly connected to the

[12] European Commission, Guidelines on Vertical Restraints, 2010, §54

[13] According to Martijn Snoep head of Dutch Competition Authority: "*It's important that we give clarity to the market soon because it may be that this could help to maintain a physical store infrastructure that many people appreciate*", MLex interview with Martijn Snoep, 2019

[14] ICSC, The Future of the shopping center industry, 2019

functioning of the land market. Studies have shown that the number of visitors, profits and rents are the highest in the centre of a shopping area and decline with the distance from it. Disappearing shops cause a negative demand shock and make locations at the edges unprofitable for retail use[15].

2) Marketplace bans

In one of its key judgments relating to selective distribution, the Court of Justice of the European Union (CJEU) recently clarified the possibility for brand owners to prevent their authorised resellers from selling on third-party marketplaces (commonly referred to as "marketplace bans").

In its Coty judgment[16], the CJEU confirmed that the preservation of the prestigious image of a good justified the restriction imposed by the brand owner on authorised retailers to select - in a discernible manner - third-party platforms for the sale of such goods on the basis of qualitative criteria, provided that these restrictions are objective, uniform and applied without discrimination to all retailers.

ECCIA considers the clarifications provided by the CJEU in the Coty case to be particularly important and is of the opinion that these should be reflected in the VBER and its Guidelines.

Allowing for marketplace bans present several benefits for brands and consumers alike:

Firstly, they **protect consumers against the dangers of counterfeiting**. One of the main objectives of selective distribution is to guarantee our customers the authenticity of the products they are offered. Therefore, one key qualitative criterion that we impose upon our authorised resellers is the complete absence of counterfeited products: they not only cause severe damage to our brand image but also directly puts consumers' health at risk in the case of certain products.

Unfortunately, this is a criterion that online marketplaces cannot respect today. Indeed, a recent study showed that 26% of counterfeits purchased by consumers still come from online marketplaces[17].

Secondly, marketplace bans **allow brands to safeguard their luxury image and ensure the high-quality service** they wish to offer to consumers. For brand owners, it is of key importance to establish an environment supported by significant investments to create a unique shopping experience.

As brands have no direct contractual relationship with online marketplaces, they lose their ability to enforce their qualitative criteria defined and agreed with their distributors.

Finally, in some countries, marketplace bans are necessary to comply with national legislation. In France for example, suppliers have an obligation to police their own network. As a result, suppliers

[15] Coen N. Teulings, Ioulia V. Ossokina, Jan Svitak, The urban economics of retail, 2018
[16] CJEU, Coty Germany GmbH v Parfümerie Akzente GmbH, 2017
[17] Markmonitor, Global Online Shopping Survey 2018 – Facts, Figures, Fakery

can be held liable by their authorised distributors for failing to prevent sales outside the selective distribution network, including via third-party marketplaces.

V. Food for thought on the upcoming revision of VBER

Following the publication of the results of its public consultation, the European Commission confirmed that it will maintain and review the VBER and VGL.

ECCIA welcomes this announcement and looks forward to future discussions on how to further strengthen and improve the existing framework, and take this opportunity to update it for the next decade.

The section below lays down a number of issues that we believe need to be taken into consideration for future discussions.

1) Ensure that all authorised distributors contribute fairly to the costs of the network

As mentioned earlier in this document, high-end and luxury industries have invested heavily over the past ten years to develop omnichannel distribution networks, where consumers can engage with our brands everywhere, at all times, according to their own preference.

In 2010, at the time of the adoption of the VBER and VGL, high-end and luxury industries had a hard time imagining how they would be able to sell their products online without compromising on the quality of the sale environment or the customer experience.

In just a few years, technological progress has enabled our brands to engage with and sell to our customers in an environment compatible with the luxury image we present in our shops. As a result, virtually all luxury and high-end brands have developed their e-commerce activities. In line with the principles of selective distribution, they mainly chose to sell either directly via their own website or via their authorised resellers' website.

Today, online sales represent one of our industries' strongest growth channels[18]. The quality of online luxury services has boosted consumers' confidence in e-commerce and the share of online sales of luxury products has been increasing considerably over the last years. In 2018, online sales remained the fastest-growing channel for high-end and luxury industries, increasing by 22%[19]. Bain & Company estimates that by 2025, the online channel will represent 25% of the market's value, up from 10% today. Approximately half of all luxury purchases will be digitally enabled thanks to new

[18] The 2019 IPSOS survey above-mentioned points out that for the first time reluctances to buy online are diminishing in Europe and the level of online luxury purchases is equal to the US level.

[19] Bain & Company, 2018 Luxury Goods Worldwide Market Study, 2018

technologies along the value chain, and nearly all luxury purchases will be influenced by online interactions[20][21].

While we welcome the opportunities offered by the development of e-commerce, our sector is faced with one major challenge, which is making sure that the online channel does not develop at the expense of the physical one, which remains the heart of our business.

Indeed, online and offline sale channels face different cost structures and commercial conditions. Physical stores have undoubtedly higher operation costs than the online channels (leases in high street or premium shopping centres, trained/qualified staff, merchandising, etc). While our sector remains less affected by free-riding[22], the rapid growth of online sales exposes our brands to a risk of destabilising our omnichannel network.

While e-commerce is an opportunity and a source of growth for the luxury and high-end sector, it is impossible to predict what the future of retail and distribution will look like in the future. It is therefore crucial to make sure that one channel does not thrive unfairly at the expense of the other, and to allow brands to continue to invest in their physical network[23].

Therefore, in order to allow brands to balance their omnichannel networks, it is important to consider ways to ensure that all distributors contribute equally to the costs of the omnichannel network as a whole. This includes enabling to compensate for investments dedicated to maintaining and developing the network of physical sales outlets.

Contributors to the VBER consultation have so far proposed three different ways of doing so:

a) Resale Price Maintenance (RPM)

A large proportion of the respondents to the consultation raised issues concerning the ability of manufacturers to control the price to which their products are sold to consumers. Many have suggested to reconsider the classification of RPM as a hardcore restriction.

Indeed, several economists and law firms have pointed out to the potential benefits of resale price maintenance:

- Prevent free-riding: in the case of selective distribution networks, RPM allows authorised distributors to compete based on quality, and therefore creates an incentive to innovate, to the final benefit of consumers;

[20] Bain & Company, 2018 Luxury Goods Worldwide Market Study, 2018

[21] Figures presented by McKinsey & Company show that already now, 70% of all luxury sales are influenced by the online sphere (see here for McKinsey's report on "Apparel, Fashion & Luxury Group: The age of digital Darwinism")

[22] When customers try and test the product in the physical shop and then go buy it online.

[23] For example, a recent IPSOS survey "World Luxury Tracking" show a tendency for EU and US consumers to go back to B&M shops: for instance, in the US, in 2018, 41% of consumers declare that they purchased their last luxury product online, a decrease of 11 percentage points lower compared to 2017.

– Opening up new markets: RPM can serve as a useful tool to price-position new products in existing markets or existing products in new geographic markets. Resale prices could be managed by the brand owner for a limited period, preventing prices spiralling downward right after the introduction of an innovative product (which makes product development and marketing unsustainably costly or unattractive).

– Help maintain the luxury image: RPM avoids aggressive pricing, especially during sales periods, which can damage a luxury brand's image. When prices are discounted by wholesalers and retailers, the end customer may ultimately purchase the product at a price point that undermines the quality perception intended by the manufacturer. This can ultimately create repercussions: if consumers associate the lower price with lesser quality, retailers and distributors become reluctant to pay a high price to acquire the product.

– Ensure coherence vis-à-vis consumers: consumers shopping in franchise retail stores expect prices in all stores to be the same, regardless of the location of the store. Very often, this is the reason why they choose to shop in these stores. Moreover, many franchisee markets do not compete with each other as they often act in local markets.

Therefore, while RPM may at first sight seem to contradict certain basic principles of EU competition law, there are cases in which RPM is likely to bring efficiencies.

It should be noted that RPM would only constitute a restriction of intra-brand competition, which does not prevent customers from switching from one brand to another, which happens regularly in the very competitive high-end and luxury market. In other words, if consumers feel that a product's price is too high, they can still "punish" the brand by buying another product from its competitors, which is not in the brands' interest.

However, while RPM may look as an attractive solution at first sight, it would need to be implemented in a balanced way. Indeed, since the benefits of RPM would essential benefit retailers, one would need to ensure that it is justified by investments into the network. Otherwise, RPM could create a disincentive to invest into the network in order to maximise the profits arising from RPM. In addition, RPM does not solve the issue of free-riding, since it would further increase the margins of those who invest the less.

b) Dual pricing

Allowing suppliers to charge different wholesale prices and/or different commercial conditions depending on whether the subsequent retail sales are made online or offline, could be an alternative to RPM to address the issue of free-riding by the online channel and providing sufficient compensation to offline distributors for the services provided.

Contributors to the consultation have put forward several arguments in favour of dual pricing:

– Dual pricing represents an effective compensation tool for the higher costs incurred by brick and mortar (B&M) retailers. It allows brands to reward fairly the offline efforts of their distributors.

As such, dual pricing can be an efficient tool to address free-riding (consumers using personal advice in a physical shop and purchasing online);

- Dual pricing is a good alternative to fixed fees. Allowing a fixed fee to support retailers' offline or online sales efforts[24] has shown not to work effectively (see next section on fees).

While dual pricing seems like a potentially workable mechanism to balance our omnichannel networks, we would like to raise potential areas of caution:

- Dual pricing could potentially accentuate the problem of "alibi" points of sale, if e-retailers have the possibility to set up a physical store to buy products at the cost of offline products to distribute them online. Therefore, dual pricing would need to be accompanied by additional mechanisms to prevent abuse;
- To be applied fairly, dual pricing would in principle require suppliers' prices to be adapted to the distributors' cost structure, which raises two immediate issues. First of all, it would be very burdensome for suppliers to undergo an economic analysis justifying their prices for every distributor. Second, distributors are highly unlikely to share with suppliers details about their cost structure.

c) Fees

The Guidelines on Vertical Restraints (VGL) currently do not prevent the supplier from "*agreeing with the buyer a fixed fee (that is, not a variable fee where the sum increases with the realised offline turnover as this would amount indirectly to dual pricing) to support the latter's offline or online sales efforts*".

In practice, such fees have not been applied because fixed fees do not allow to adapt to the size of the distributor. As a result, any fee we impose will always disproportionately impact smaller distributors.

Another solution to balance our networks would be to allow suppliers to impose fees in terms of percentage rather than in fixed terms.

While this solution potentially addresses the issue of the "alibi" point of sale, it also raises a similar issue to the one related to dual pricing, namely that the calculation of the fee in terms of percentage would need to be justified on an economic analysis reflecting the cost structure of each distributor, which would be burdensome for suppliers, and would be dependent upon our distributors' agreement to share data about their cost structure.

2) Online sale restrictions

High-end and luxury brands have generally embraced the opportunities offered by the development of e-commerce and will continue to do so in the upcoming years. However, they need to have the

[24] Currently foreseen in §52(d) of the Guidelines on Vertical Restraints

certainty that the luxury image associated to their products and the quality of the customer experience can be maintained while doing so.

The CJEU has recently provided some useful guidance on marketplace bans. However, additional clarity is still needed with regards to the use of other online channels, which are not necessarily direct sale channels, but which are used by distributors to attract consumers. These include:

a) Price comparison tools

Price comparison websites may facilitate consumers' ability to obtain an overview of different products. However, by comparing products only on price, they often direct consumers directly to unauthorised distributors or, in worse cases, to counterfeited products.

As such, price comparison tools facilitate free-riding and undermine the investments made by our brands and their authorised distributors.

In the absence of effective tools to prevent free-riding, price comparison websites should be treated as online marketplaces. Therefore, until price competition between online distributors can take place only between authorised distributors, suppliers should have the possibility to prevent their authorised distributors from being referenced on third-party price comparison tools.

b) Search engines

Search engines' current functioning pushes suppliers and retailers to bid against each other in order to appear at the top of the ranking of the results page. This system is merely designed to increase the costs of both suppliers and distributors, with no benefit to consumers. While for general search terms, it may be appropriate to establish a bidding system, when it comes to specific searches linked to a brand, customers know exactly what they want.

Therefore, we would argue that in the case of a search linked to a brand only (and not a specific product), suppliers have the possibility to prevent its authorised distributors from bidding on the brands' keyword.

3) Preventing unauthorised sales

In the context of selective distribution, an unauthorised sale refers to a sale made outside of the brand's network of authorised resellers, namely its selective distribution network.

While unauthorised sales may offer products for a lower price, they do so at the expense of the quality of the service and personalised advice that consumers receive in one of our authorised points of sale, regardless of the sales channel (online or offline).

In addition, unauthorised sales damage both brands and their authorised resellers because unauthorised resellers' ability to offer products is often explained by their free-riding on the latter's investments into building a high-quality customer experience and brand awareness.

As a result, unauthorised sales damage consumers, brands, authorised distributors, and governments:

- Consumers: in the case of online sales in particular, unauthorised products are being sold via unauthorised sale channels next to counterfeited versions of the same products, at approximately the same price. In particular, online marketplaces and price comparison tools tend to increase the visibility of unauthorised resellers because their only objective is to advertise the lowest price.

  As a result, consumers are unable to differentiate between real products sold via unauthorised channels and fake products, with the associated risk to their health.

  In the case of perfumes and cosmetics for example, which often choose to distribute their products via the creation of selective distribution networks, the potential dangers to consumers' health are obvious for products that are directly applied to their skin.
- Brand damage: sales outside of a brand's authorised network usually do not comply with the brand's criteria relating to the quality of the retail environment or the customer experience. As a result, the brand's luxury image is undermined, which ultimately affects the value of the brand for our customers. This may have very damaging consequences for our brands, especially in a very competitive market such as luxury, where customers easily switch from one brand to another.
- Authorised resellers are unfairly competed against: meeting brands' requirements to become part of their authorised networks usually involves substantial investments. Indeed, selective distribution has allowed our authorised distributors to compete based on the quality of the retail experience they offer, constantly-improving customer service, or more generally an ever-evolving environment is which our products are presented.

  Unauthorised sellers free-ride on those investments and as a result seriously undermine the investments made by our authorised resellers.

One of the shortcomings of the existing framework is therefore the impossibility to enforce our selective distribution networks *vis-à-vis* third parties across the European Union. Indeed, if we acknowledge that selective distribution is a legitimate restriction of intra-brand competition for the benefit of inter-brand competition, brands need to be able to enforce the selective distribution networks they have created in order to maximise their pro-competitive effects for brands, for their authorised distributors, but also for consumers.

Such a possibility is already embedded in the French *Code de Commerce* (art. L442-2) and has proved to be a very effective tool to prevent unauthorised sales. We would therefore recommend transposing it into the VBER.

4) Limiting the scope of selective distribution to luxury products

Certain stakeholders have argued in their contribution to the VBER public consultation that selective distribution should be limited to luxury products. This is not something that ECCIA supports.

First of all, limiting the scope of selective distribution to luxury would be virtually impossible, given that there is no consensus over a definition of luxury.

In addition, we believe that suppliers should be able to define the luxury image they want to convey to their products and develop distribution criteria that are consistent with the latter. Granting to a judge the ability to decide whether a product should be considered as luxury or not would considerably impede a company's commercial freedom.