Who Should Set Book Prices?

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BACKGROUND

- In the past, public cultural policy has in some jurisdictions favoured limiting competition at the retail level by mandating a fixed book price system, where prices are the same everywhere. Digitalisation has enabled some competition authorities to challenge this practice. This has left us with a situation where very different rules apply to the book market in different jurisdictions and where the initial question of who sets prices faced with what restrictions is given a very different answer across EU member states.
- Fixed book prices are often justified as necessary to ensure that consumers have access to a broad spectrum of books. Brick-and-mortar stores deserve protection from competition because they offer a number of essential services. Among these, the key ones appear to be provision of information about the products and ability to order in any book which consumers wish to purchase.

METHODOLOGY

- Research based on past case law and insights from economic theory and empirics.

KEY FINDINGS

- There are a number of EU level competition law cases on introducing agency pricing in the market for e-books. Agency pricing amounts to a number of EU member states continuing to mandate fixed book prices.
- Given the information available on-line combined with delivery to the door or to pick-up points nearby it is reasonable to challenge the benefits which fixed book price rules enable brick-and-mortar bookstores to offer.
- While at the moment, the battle between cultural policy and competition policy seems to have resulted in a stalemate, this state of affairs may not remain in the future, particularly if streaming takes off as a significant means of book consumption.
- Research and policy evaluation is hampered by a lack of readily available and reliable data.

POLICY ISSUES

- Fundamentally, the question is by whom and with what restrictions the price of books should be set.
- The effect of an increased move to streaming as a means of delivering content on fixed book prices is hard to predict.
- If more data was made available, the existing knowledgebase would be enhanced and would enable more policy relevant research to be carried out.

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