

Books & Retail Price Maintenance

The European Commission does not intervene in purely national contractual systems (either embodied in law or as trade agreements) which have no significant impact on trade between Member States. However, the Commission has stated that the cross border trade between countries in the same linguistic zone has to be excluded from any retail price maintenance (RPM) agreements. The EU has outlawed pricing arrangements between the UK and Ireland, between the Flemish speaking parts of Belgium and The Netherlands and between Austria and Germany. RPM systems for books vary considerably in their terms and conditions and are subject to review.

RPM also varies outside the EU; most English speaking countries do not have RPM, however the US has the Robinson Patman Act designed to bring about fair competition.

RPM - EU	RPM – Other Book Markets
Austria	Argentina
France	Japan
Germany	Lebanon
Greece	Mexico
Italy	Norway
Netherlands	South Korea
Portugal	Thailand
Slovenia	
Spain	

No RPM - EU	No RPM – Major Book Markets
Belgium	USA
Bulgaria	China
Croatia	Brazil
Cyprus	India
Czech Republic	Canada
Denmark	Turkey
Estonia	Australia
Finland	Russia
Hungary	Switzerland
Ireland	New Zealand
Latvia	
Lithuania	
Luxembourg	
Malta	
Poland	
Romania	
Slovakia	
Sweden	
UK	

Source: [European & International Booksellers Federation](#) & [International Publishers Association](#)

RPM in the UK

Established on 1st January 1900, the Net Book Agreement (NBA) was a voluntary publishers' agreement which allowed them to set a minimum or *net* price in bookshops and other retail outlets. Discounting of net titles was only allowed under certain schemes (e.g. book clubs, library and school supply) administered by the Publishers Association (PA). In the event of a breach, in most cases, the PA acted on behalf of the publisher to enforce compliance.

In August 1994, the Director General of the Office of Fair Trading announced that the 1962 decision in favour of the NBA would be reviewed by the Restrictive Practices Court (RPC). In September 1995, several major publishers withdrew from the NBA and the PA Council decided that it could no longer defend the NBA in Court, therefore to all intents and purposes, it no longer operated. In September 1996, the BA Council agreed that the Booksellers Association (BA) should play no part in the RPC case, even to the extent of registering an interest. The BA Council also confirmed that the BA was neutral as to RPM. In March 1997, the RPC stated that the NBA was no longer in the public interest and it was declared to be illegal.

In 1962, the RPC believed that the abrogation of the NBA would produce the following:

- The number of stockholding bookshops would be reduced
- The stocks held by bookshops would be less extensive and less varied
- Although certain titles would be cheaper, the price of most books would be higher
- Fewer titles of literary and scholarly value would be published

The number of stockholding bookshops has decreased, but the number of outlets devoted to books has grown enormously. Supermarkets and other non-traditional outlets have increased their sales and range of books and the ending of RPM has also enabled internet bookselling to become established and take a large market share. Certain sectors have been affected, especially high street bookshops, newsagents and the specialist library supply market.

The new book superstores; internet retailers and next day delivery from wholesalers; widespread use of EPoS/e-commerce and print on demand (POD) have all extended stock range enormously. However, increased competition has probably made bookselling a far riskier sector.

Discounting has been widespread, though chiefly focused on bestsellers from the major publishers. By some measures, book prices have risen at above the level of inflation but the actual average selling price has gone down. Consumer spending on books has increased, though wider economic downturns have had their effect.

The number of new titles published has continued to grow year on year. POD and digitisation (e-books) are enabling almost anyone to become a publisher and are also preventing books from going out of print.

Given the important changes in the bookselling and publishing arena and the global market for English language books, it is extremely difficult to assess what changes in the market can be attributed to the ending of RPM in the UK.

FURTHER READING

Most of the publications about the Net Book Agreement in the UK are now out of print but may be obtainable from libraries. There may also be past articles in the press.

The Net Book Agreement: Benefits, How it works, the terms

The Publishers Association

National Heritage Committee: Fourth Report - The Net Book Agreement

The Stationery Office 1995 - ISBN 0 10 238395 2

Business Impacts of the Demise of the Net Book Agreement

Rob Newmarch - Vista Computer Services 1995 - ISBN 0 9525566 4 2

The Effects of the Abandonment of the Net Book Agreement

Dr Frank Fishwick & Sharon Fitzsimons - The Cranfield School of Management Book Trust 1998 - ISBN 0 85353 474 8

Two sides of the same coin

Dr Frank Fishwick – *The Bookseller*, 23 February 2001

An evaluation of the impact upon productivity of ending resale price maintenance on books

Office of Fair Trading 2008 - OFT981

The NBA – a short history

Clarissa Sebag-Montefiore – *The Bookseller*, 20 February 2009

Discount dash

Tom Tivnan – *The Bookseller*, 20 February 2009

BA Reports Library
May 2014