

# Supporting the development of the Romanian book market. Establishing a fixed book price according to the European model

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**Abstract:** *Starting from the essential part that the written culture plays in the development of society, there is a clear need to approach the book market as a special one. It is reflected in public policies, through regulations which sustain and promote the book. Among these regulations, the fixed book price law has a special place. The current research aims to highlight the stipulations of some fixed book price laws in European countries and their implications on the book market. The Romanian book market registered a strong decline starting 2011, and although at present a slight growth is visible, the market did not come back to the level it had reached before the economic crisis. There are less book buyers and readers now. Representative editors and distributors in Romania sustain the implementation of a fixed book price law as a solution to revive the Romanian book market.*

**Key-words:** *fixed book price, fixed book price law, book market*

## 1. Introduction

Seen from a broader perspective than just the economic one, although it is a merchandise and there is a book market, the book is the milestone on which the whole human knowledge is based. The book is a special product, a cultural one, with a certain value in sustaining the long-term development of society.

This thing is reflected in Europe, and world-wide by national and regional policies sustained by regulations and instruments through which the protection, support and promotion of the written culture is targeted. The public policies aim at finding the best solutions to ensure a sustainable development of the book market, a better competition and the achievement of objectives for all the market players, editors and distributors, authors and consumers alike, and last but not least, the development of society on a consistent cultural and educational basis.

The relevance of the book market goes beyond the economic, financial dimensions that it entails and on the basis of which it could be analysed. The book

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market has a great impact at society level, due to the fact that it ensures knowledge transmission. It is to the advantage of modern society to sustain a wide access to books, a varied book market, the functioning of which should be positively reflected in the level of education and culture of the wide public.

Among the instruments of the public policies of supporting the book market is the establishment of a fixed book price. In many European countries and world-wide the book markets are regulated by laws which state that the editors should establish a fixed price for the new books, for a certain time span. The aim of such a law is to ensure the protection of the book as a cultural product.

## **2. Objectives**

The current article focuses on two main directions: the analysis of some laws of the fixed book price in European countries, in order to identify the essential aspects of those regulations, their implications and effects on the book markets; the identification of the situation of the book market and book consumption in Romania as arguments for adopting a fixed price on the Romanian market as well.

## **3. The fixed book price system. Regulations and implications on the book market in some European countries**

To demonstrate the importance of the book for the development of society as a whole, as a proof of recognition of its status among merchandise, in a series of European and world-wide countries there are fixed price systems for the new books. This practice is based either on laws of the unique price or on agreements made between editors and distributors. The European countries which currently apply a unique book price system are: Austria, France, Germany, Italy, Portugal, Spain, Slovenia, Norway, Greece, and The Netherlands. There are countries outside Europe which also apply the same rule: Argentina, Japan, Mexico, South Korea, Israel, Lebanon (Blanche, 2016).

### **3.1. Laws of the fixed book price in some European countries**

The aim of adopting such laws is to ensure the protection of books as cultural goods. Establishing fixed prices for the sale towards the end consumer is meant to generate a varied book offer which includes specialized titles, niche books and original national creation, in which the publishing houses and bookstores will be able to list slow rotation titles. The maintenance of a specialized distribution network will contribute to the extended and easy access of consumers to the books.

In France, the fixed book price law is law 81-766 of 10<sup>th</sup> of August 1981, which was later modified by other two laws. The fixed book price law took effect in France in January 1982. According to this law: whoever edits or imports books is obliged to establish a selling price for the public, of which the public will be informed; the retailers will work with a price ranging between 95% and 100% from the fixed price by the editor or the importer; the time span on which the fixed price will be valid is of two years since the publishing of the book; the school book is subject to a special regime and there is no mentioning of a lower price limit for the associations which buy textbooks and student workbooks for the members of the association, for the State, for local associations and educational institutions or for their own use; the public or private libraries are beneficiaries of preferential selling conditions; for a book which was published with the aim of being distributed in less than nine months from its first edition, one cannot establish a lower price than that of the first edition.

The French experience has inspired grand distributor LECLERC, which opens distribution points in supermarkets, offering discounts of up to 40%. The editors and the bookshops order an impact report of these discounts on the book fixed book price laws in other countries as well. The French tracked the impact of the fixed price on the book market through researches, the best known being the 2009 Gaymard Report. But what has led to the French law in this field? In 1974, the first FNAC shop which offered 20% discount on books opened in France. Its example is taken by the market. The conclusions of the report are that: the discounts will concentrate the books selling to the big retailers in the detriment of independent bookshops, with the risk that small bookshops might even disappear, the access to books becoming thus limited, the offer becomes limited and only heavy rotation titles are promoted, which is in the detriment of the rest of the book stock. In 1979, Rene Monory, Finance Minister, liberates the prices on the book market and forbids the recommended price, and the negative effects immediately show: the slow-rotation titles, niche titles and specialized titles are less available and more expensive and the book market concentrates on best-sellers. The bookseller trade union in France declares itself in favour of the fixed book price law and the law is therefore adopted. (Gaymard, 2009, pp.39-40)

Germany is another European country in which bookselling falls under the regulation of the fixed book price, namely the law concerning the establishment of the prices applicable to books, adopted on the 2<sup>nd</sup> of September 2002. The establishing of the fixed book price took effect starting the 1<sup>st</sup> of October 2002. The German law stipulates that: the editor or the book importer must set a price which includes the VAT (final price) for the sale to the final consumer and the price must be published in the corresponding way, so that every retailer has access to the information concerning the correct price; there is generally no price lowering; the time span for which the fixed price is valid is of 18 months from the publishing of the book; the discounts which can be applied to textbooks ranges between 8% and

15%; the maximum discount for public libraries is of 10% and for university libraries is of 5%. (FEE, 2013)

In the other countries where fixed book price laws were applied, the essence of the regulations is the same. There can be variations in: the duration for the fixed price, the maximum sale which can be applied or if it can be applied, the dimensions of the applicable sale if there is an exception made from the fixed price.

### **3.2. The impact of the fixed book price on the book industry**

The conducted studies (the Gaynard Report, 2009, the Borsenverein des Deutschen Buchhandels Report, 2015) demonstrate that there are many positive effects on the book sector as a result of the fixed book price law:

- the diversity of literary creation and the development of a varied book offer are sustained;
- the bookshop infrastructure is maintained and developed, thus offering wide access to books;
- the independent bookshops manage to maintain themselves on the market and compete against the great distributors, which creates balance over the influence of the big market players;
- the price-based competition is replaced by the one based on quality and services;
- the bookshops can increase their role of cultural events creators;
- a big number of editors is maintained;
- small book circulation becomes sustainable;
- the ensured rate of best-sellers allows the maintenance on the bookstore shelves and the listing on the publishing houses lists of long-sellers, specialized and niche titles;
- it does not generate an increase in the price of books.

The positive effects of establishing fixed prices for books can be pointed out via a series of registered results. If we take France as an example, it is worth mentioning that the book market has continuously grown in the period 1986-2007, with an average growth level of 3% per year and a 50% increase in the number of sold book items (Gaynard, 2009, p. 15)

The Gaynard report (2009, p.23) also shows that the number of new titles on the national French book market was of 63.700 in 2008, and the number of available titles was of around 595.000. Between 1970 and 2008, the annual new title production tripled in France (Gaynard, 2009, p.60). In Germany, in 2015 there were 1.2 million titles available on the market (Borsenverein des Deutschen Buchhandels, 2015, p.5)

The dimension and diversity of the editorial offer are strictly related to the number and density of the bookshop infrastructure. The European practice of the

fixed price proved to be favourable for the book distribution network as well. In the countries where there was no fixed price for books, the distribution network was dominated by the supermarkets and the number of independent bookshops significantly decreased. Thus, Great Britain has lost one third of the independent bookshops in the last 10 years, and the USA were left with only half of the independent bookshops in the last 20 years. In France there is a distribution network of 2500 specialized book distributors, while the United States, a country with a population five times larger than France only has 1900 specialised retailers (Blanche, 2016). In Germany there is a strong network of approximately 6000 bookshops which offer a wide range of books (Borsernverein des Deutschen Buchhandels, 2015, 5)

The number of editorial structures remained high in France. In 2004 there were approximately 8000 editorial structures, out of which 4000 had editing as a main activity and 1000 were considered professional and had a significant activity from an economic perspective (Gaymard, 2009, 25). In Germany, a number of 3000 publishing houses are mentioned (Borsernverein des Deutschen Buchhandels, 2015, p. 5).

During 2000-2008, in France, the price of books was constant. The book price index was situated below the general price index of consumer goods during 1991-2008. The average price of a book bought on the French market starting with 1998 was of around 11 euros. By way of contrast, in Great Britain, country which has given up on the fixed book price system in 1995, the books doubled price as compared to the general index of prices (Gaymard, 2009, pp. 62–66).

#### **4. The book market in Romania. What makes the fixed book price law necessary?**

The Romanian book market, a small one in the European context, has registered a strong decrease following the economic crisis, being on the same pattern with other European markets. It is to be mentioned that in 2013, the book market in Romania registered around 120 million euros, but it was 40% lower than in 2007, which was the best year for the book market in Romania. 2013 was also the year when a slight growth was registered in the field, after the economic crisis (Negru, 2013). The book industry in Romania is estimated at approximately 150 million euros at present (Barbu, 2016).

In spite of this slight growth, there are various problems and dysfunctionalities on the market. First of all, the variety of the offer had to suffer, the editors and distributors are focused on best-sellers and heavy rotation titles, partly due to the big and very big discounts applied to these titles by the great retailers.

Both the number of titles and the circulation of books have registered significant drawbacks. The number of titles of books and magazines decreased between 2011 and 2013 from 22589 to 11383, a decrease of 50% (Anuarul Statistic

al României 2015, 2016, p. 328). Obviously this means a poor offer and a low interest level for the so called long-sellers, books which tackle a less popular topic or targeted at a niche of consumers.

Another major issue of the Romanian market is the existence of a small and decaying distribution network. The number of bookshops has significantly decreased at national level and there is a concentration of bookshops in the urban area. A study conducted in 2012, by 'Organizația patronală Agora a Societăților pentru Difuzarea Tipăriturilor și a altor Bunuri Culturale' identified 546 bookshops in Romania. The number of bookshops continued to decrease, currently reaching 450. The physical bookshops do not manage to stay profitable in the fight against the great retailers, including the online ones, which give big discounts to the titles they sell, being able to negotiate with the publishing houses. The independent bookshops and most of the bookshop chains do not have access to the same discount rate from the publishing houses, and they are consequently not able to ensure sustainability.

From a cultural point of view, the role of bookshops is extremely important. They ensure personalized counselling and offer the possibility to check out the titles and discover new titles of interest for the readers.

Another, maybe even greater issue is given by the increasingly low interest in education in Romania. In 2013, in a statistics of the European Commission, it was estimated that only 51% of Romanians read at least a book a year, holding one of the last places in Europe. In the same study, the percentage for France was of 72% (Negru, 2013). In 2016, Grigore Arsene, president of the Publishing Houses Association in Romania, stated that the Romanian citizen spends, on average 4-5 euros a year on books, which is extremely little (Hotnews, 2016). Things were not better in 2010 either, when 56% of Romanians did not read at all and only 30% of them bought books. As compared to 2005, the percentage of non-readers remained constant, but the percentage of book buyers lowered with 13% (INCFC, BCC, 2010, p. 13). The interest for reading is greater in the urban area, where the participants in the research from the cultural consumption barometer in 2014 stated in a percentage of 48% that they read one book a month or 52% read specialized literature. Those from the rural area never read (INCFC, BCC, 2014, p.224). The low interest for the written culture, for books, must be correlated with the small and decreasing number of bookshops and libraries and the increase of the book price. According to the cultural consumption barometer in 2010, the prices of books increased between 2005-2010 with 44% and the index of book prices (144%) surpassed the general index of prices (134%) (INCFC, BCC, 2010, p.45).

The State shows little interest in sustaining the written culture, lesser interest than in other European countries. There is the Law 186/2003 concerning the support and promotion of written culture, but it seems to be practically insufficient.

There are currently talks of the lobby made by a representative group of editors and distributors in order to adopt the fixed book price law, according to which the price of new books should be fixed for one year since publishing and the

maximum general discount should be of 10% while in special cases stipulated by the law the maximum discount should be of 20%. The offers of the editors should be accessible to all book retailers equally. The idea is that this solution could revive the book market and the interest of Romanians for the written culture.

## 5. Conclusions

Although there is a slight increase of the book market in Romania, the general situation reflects many less positive aspects from an economic and cultural point of view. Starting from the importance of books in the development of society, from the status of the book as a cultural good, considering the successful European models in balancing the book industry in the countries where systems of fixed book prices function, we conclude that actions could be taken in order for the Romanian State to offer a more consistent support to the book market by adopting a fixed book price law.

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