

Opening Remarks

Gießen, JLU-Workshop on the Economics of Fixed Book Price Systems, November 2019

Contents

- The German Book Market: An Overview
- Börsenverein des Deutschen Buchhandels: Structure, Goals & Activities
- Why Research on Fixed Book Prices?

Germany is a country of readers

- 45 percent of Germans above the age of 14 read at least occasionally; one in every ten Germans is a heavy reader (at least ten books per year)
- 50 percent of German children between the age of 6 and 13 are interested in books
- Germans spend an average of €136 per year on books
- In 2018 the number of people who bought books increased by 300,000 – that's the first increase since 2012

Germany's book market is one of the largest in the world

- Book market turnover: €9.13 billion
- In terms of population size and turnover, the German book market tops the list in international comparison
- Broad range of books on offer
- Comprehensive nationwide coverage thanks to the prevalence of bookshops



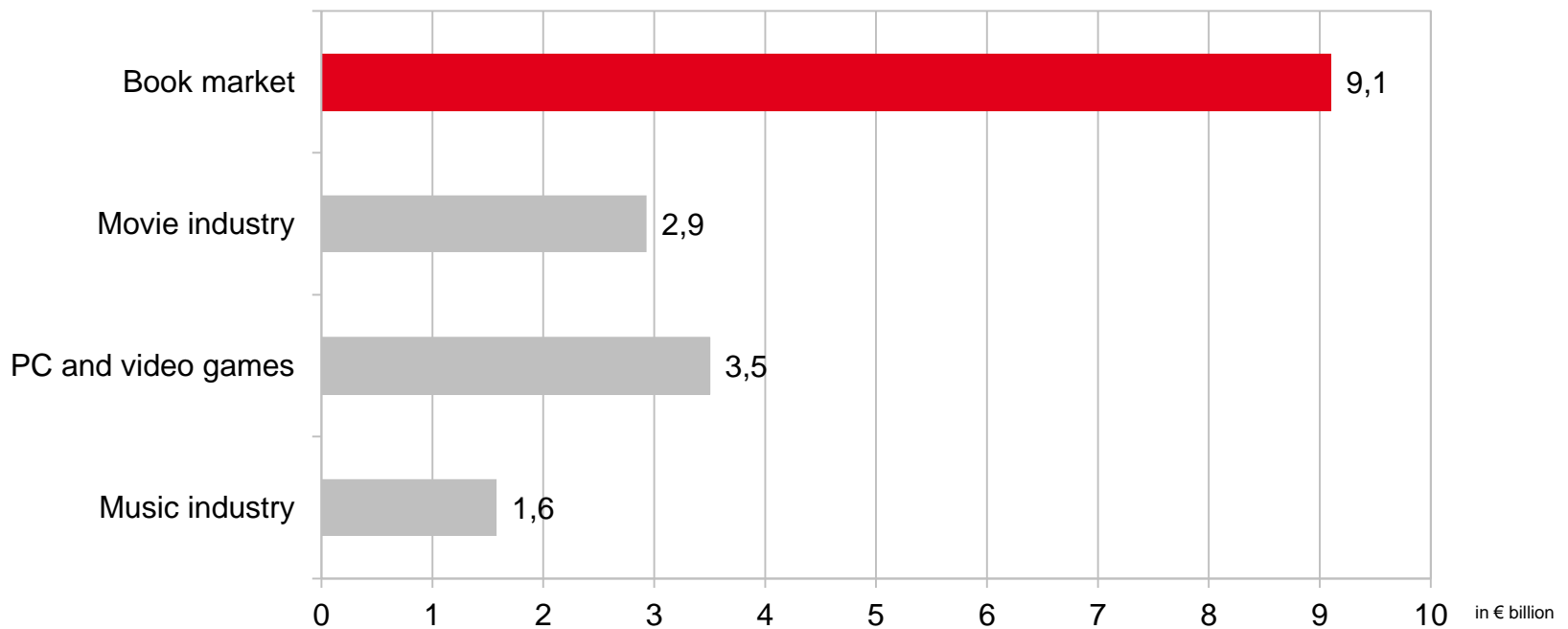
Book industry revenues 2003–2018



Source: Börsenverein des Deutschen Buchhandels

The book market is an important creative industry

- In 2018, the German book market generated revenues of €9.13 billion
- Comparison: €1.6 billion for physical & digital music and €2.9 billion for film industry



Publishers in Germany

- Roughly 3,000 publishing houses
- Workforce of 25,000 employees
- Distribution of sales among the 100 largest publishers:
 - 52 percent science and special interest
 - 32 percent general interest (fiction, non-fiction, self-help books)
 - 17 percent education
- Largest publishing groups: Springer Nature, Haufe, Klett, Westermann, Random House

Bookshop landscape in Germany

- Roughly 6,000 bookshops (incl. branch stores/bookselling outlets)
- Workforce of 27,500 individuals
- Roughly 90 percent are small, independent bookshops
- Largest chains: Thalia (+Mayersche), Weltbild, Hugendubel, Schweitzer Fachinformationen
- The number of bookshops is decreasing
- Trend: fewer large spaces, less retail space
- Strong regional branches: Osiander, Rupprecht

The online trade of German bookstores

- Two thirds of all bookshops operate their own online store
- Many bookshops offer e-books/e-readers to their customers

Tolino:

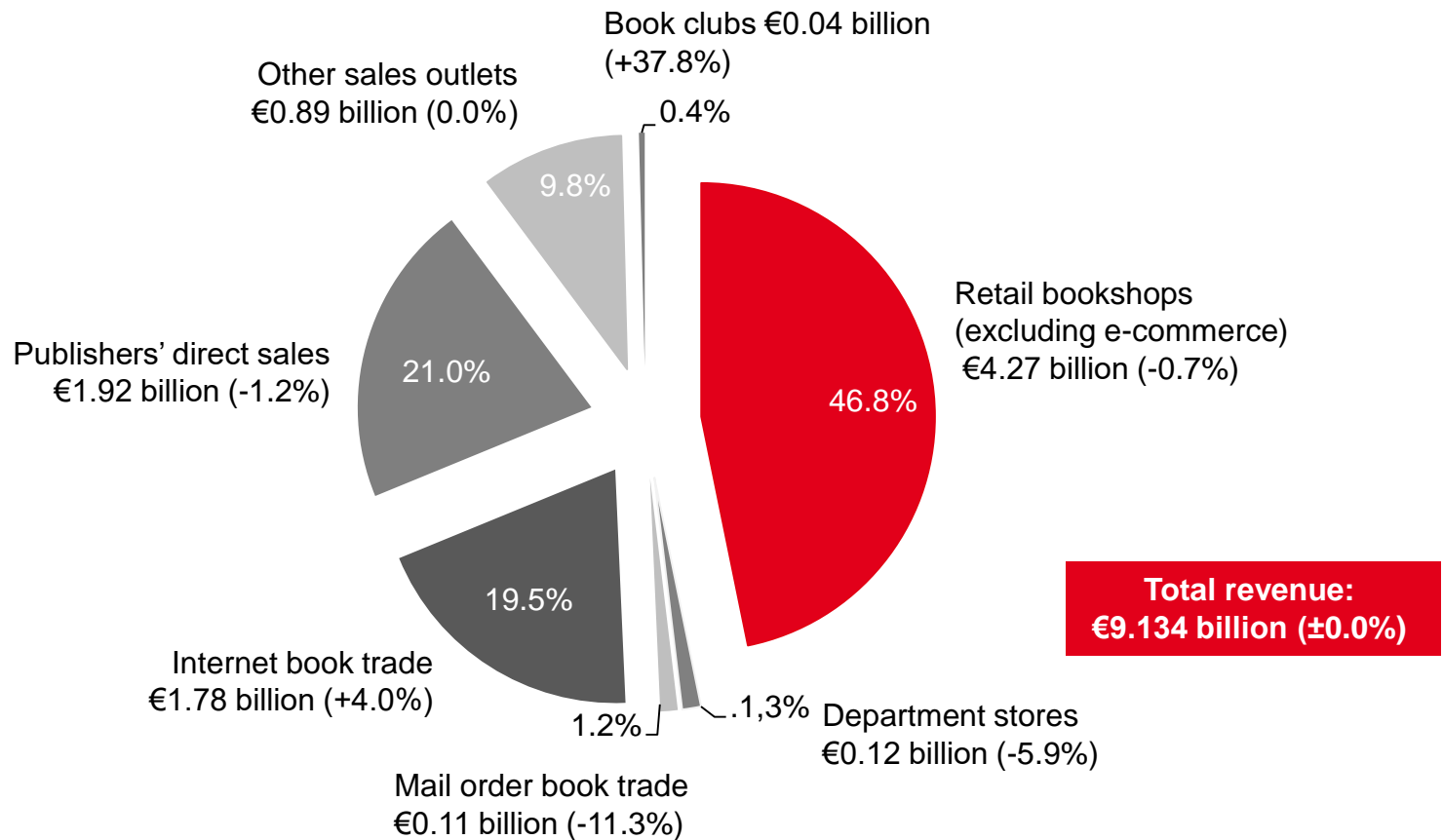
Open e-reader system

2,000 participating bookshops

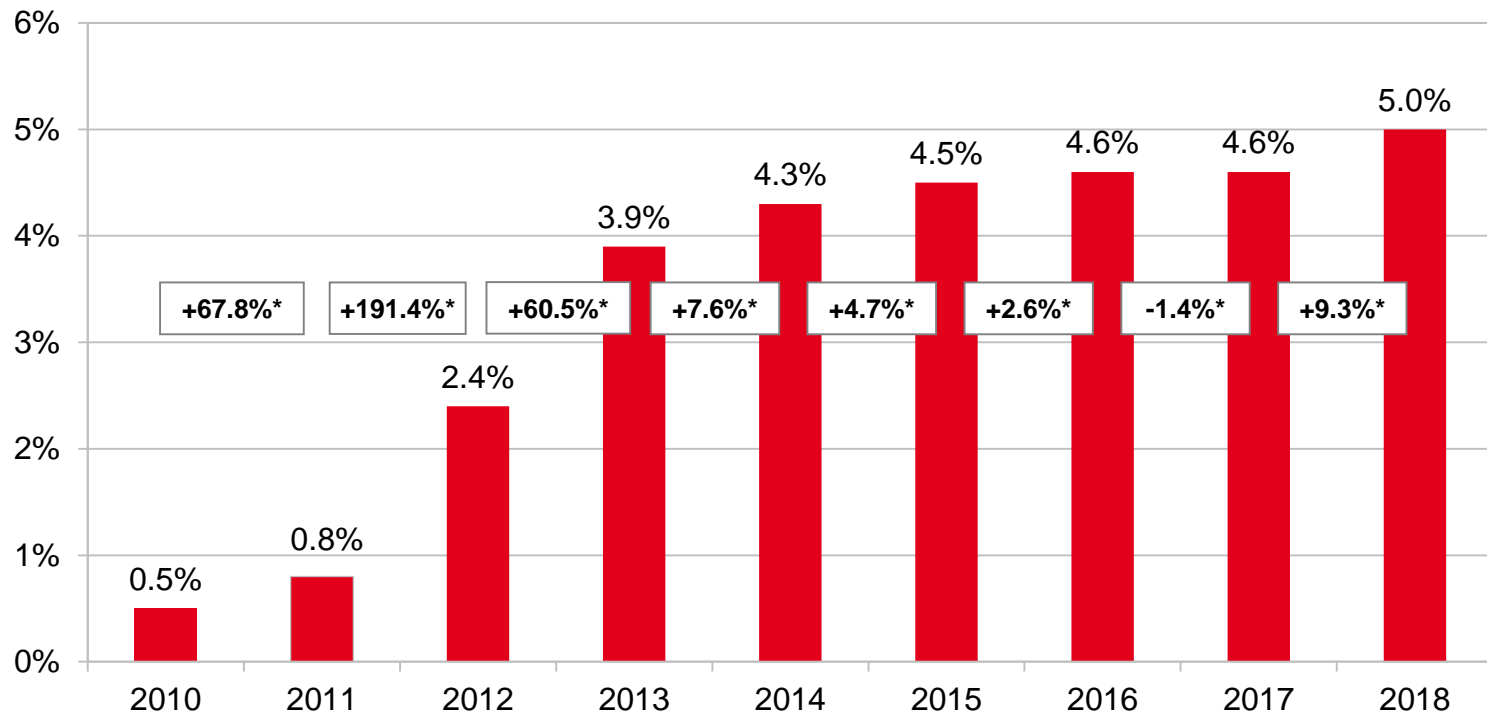
Market share: roughly 40 percent



Distribution channels in 2018



E-Book: Revenue share and sales growth from 2010 to 2018



* Change in level of sales as compared to previous year

Based on key figures; time periods extend from January to December;
German private consumers aged 10 and up; **excluding school and learning books**;
Included are all purchases of individual e-books starting at a price of €0.49
Source: GfK Consumer Panel Media*Scope Buch

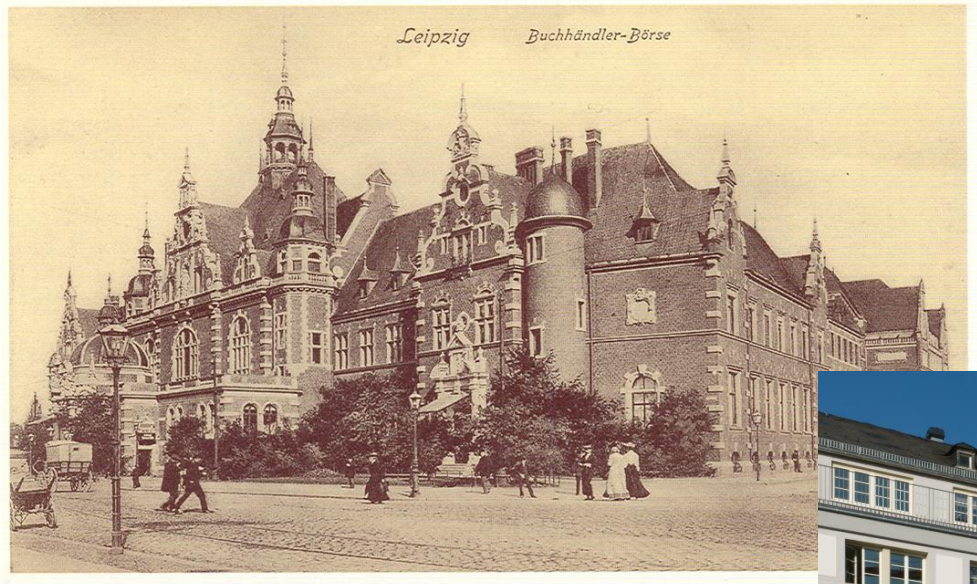
Wholesale book trade

- Point of interface between manufacturing book trade and distributing book trade
- Wholesale covers more than 90 percent of the needs of retail bookshops.
- Sophisticated, time-tested logistics: as a general rule, wholesale providers can guarantee overnight delivery of available books to bookshops.
- As a general rule, books are available within 24 hours!

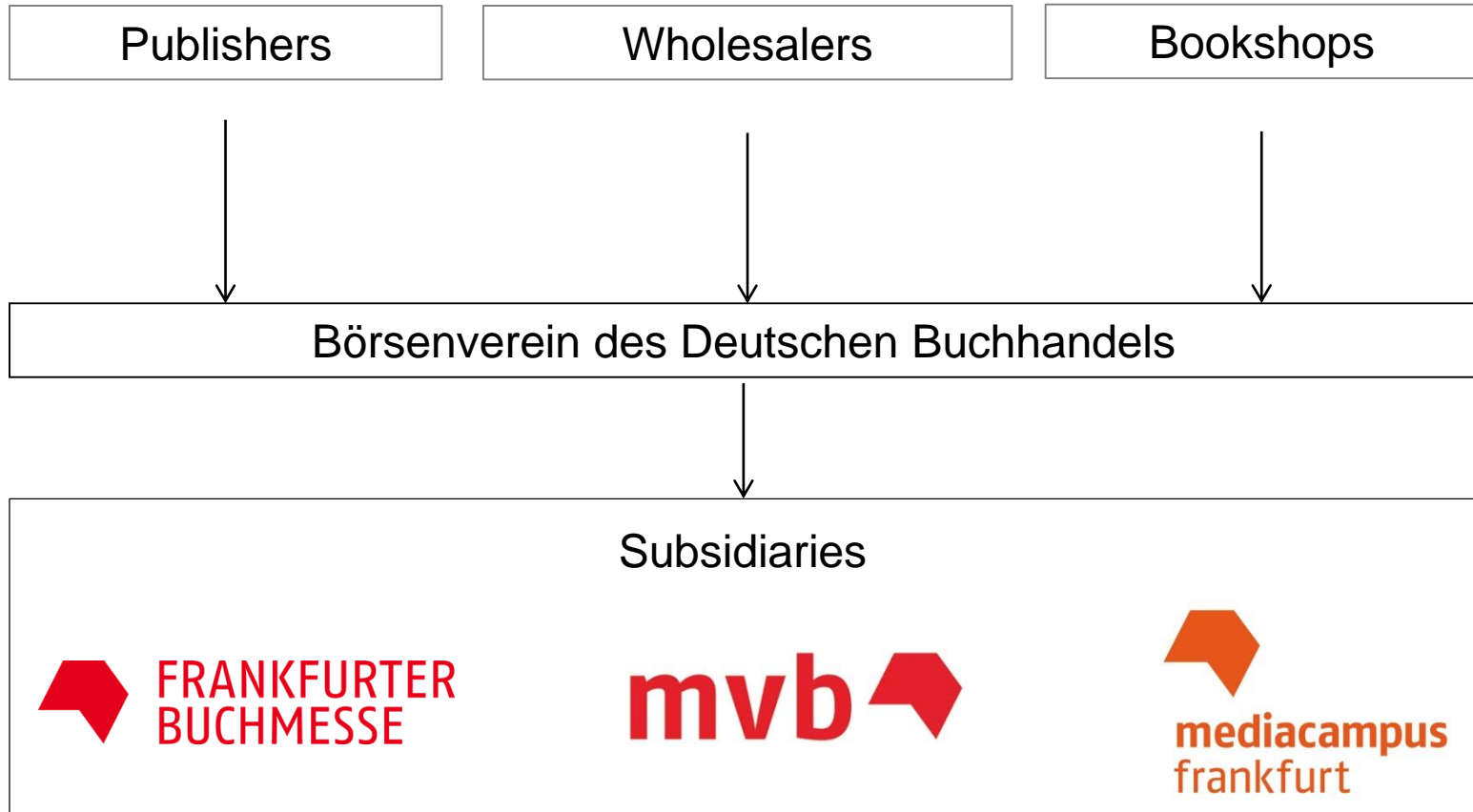
Börsenverein des Deutschen Buchhandels – The German Publishers and Booksellers Association

Structure, goals & activities

Then ... and now



Structure



Tasks & responsibilities (I)

Activities in economic and political spheres

- Working to preserve and improve economic conditions for our members (especially copyright, fixed book prices, reduced VAT); lobbying activities on their behalf in Berlin and Brussels
- Legal work: test cases, monitoring and support for legislation
- Balancing interests among members

Services for members

- Legal and business advice
- Databases, marketing, market research, congresses, networks
- Support and promotion of innovative ideas benefiting the industry

Tasks & responsibilities (II)

Stimulating and supporting scientific projects on book matters

- 1913: Foundation of German National Library
- 1925: Creation of a chair for Buchhandelsbetriebslehre at Handelshochschule Leipzig
- 1990 (after German reunification): Financing of a chair for Buchwirtschaft and Buchwissenschaft at Leipzig University
- Commissioning of scientific reports on book issues
- 2018/2019: Sponsoring of JLU-Gießen research and workshop ;-)

Cultural work

- Cultural projects: Peace Prize of the German Book Trade, German Book Prize, German Non-Fiction Prize, Public Reading Competition, World Book Day

Current issues

Book trade:
cross-channel
strategy

Why do we need
publishers?

Copyright law



Digitization

Freedom of expression

Measures against
losing customers

Freedom of expression

**FÜR DAS WORT
UND DIE FREIHEIT**



German Book Prize



2019
deutscher
buch
preis



Peace Prize of the German Book Trade



JETZT EIN BUCH! – Marketing Campaign



Social Media

- 50,000 fans und followers
- More than 600,000 interactions in 2019



Buchhandlung-finden.de („Find your bookstore“)

- Map of all stationary bookstores
- Includes link to their webshop
- 120,037 visits in 2017



Buch an Bord („Book on board“)

- Cooperation with Condor Airlines
- One extra kilogramm of holiday luggage for books
- More than 100,000 stickers passed out in 2018



#wildesBuch („wild book“)

- Campaign on the occasion of world reading day 2019
- 10,000 books given away as gifts all over Germany in cooperation with publishers and bookstores

Börsenverein des Deutschen Buchhandels – Why Research on Fixed Book Prices?

Fixed Book Prices: Legal framework in Germany and Europe

- Each book in the German language is sold for a certain price which is fixed and applies whenever or wherever the title is sold.
- This industry-wide agreement has been in place since 1888 when it was first introduced by Börsenverein.
- Since then, 19 countries within and outside Europe have introduced similar systems.
- In the 1990s, the “Drei-Länder-Sammelrevers” (German-Austrian-Swiss Book Industry Agreement) was challenged by the EU competition authorities after Austria joined the European Union in 1995.
- As a result of political discussions, fixed book prices were enshrined in separate laws in Austria (2000) and Germany (2002)
- The German “Buchpreisbindungsgesetz” has also applied to ebooks since 2015.

Fixed Book Prices: Current Challenges

- Since 1888, Börsenverein argues that a system of retail price maintenance helps generate a diverse and intact environment for the book trade.
- Arguments in favour of FBP are disputed by some economists as not convincing. (Retail price maintenance has always been a favourite subject of scientific discussions and scholarly communication between economists.)
- However, since the end of the 1990s no substantial research has been made on effects of FBP on the book trade in Germany.
- In 2016, the European Court of Justice decided that the German law on fixed prices for prescription-only medicinal products restricts the free movement of goods between EU Member States and therefore infringes EU law.
- The Court emphasized in its judgment that arguments in favor of retail price maintenance must be based on relevant scientific research and not merely general conjecture.
- In the light of this ECJ judgment the Board of Börsenverein decided in 2017 to commission research on the effects of FBP on the book market.

Fixed Book Prices: Framework for Research Project

- Total budget: slightly below 300,000 Euro
- 85,000 Euro given as third party-funds to JLU Gießen for economic research (Prof. Dr. Goetz and team).
- 60,000 Euro invested in antitrust expert opinion (Prof. Dr. Fuchs, Universität Osnabrück).
- Lion's share of the remaining budget spent on acquiring national and international market research data from companies such as MediaControl, GfK, Nielsen and many other international contributors.
- 25,000 Euro as sponsorship for this workshop.
- First target: Publication of peer-reviewed research results on the effects of FBP based on the newest and most comprehensive market data
- Second target: Discussion of these findings with an international community of specialist researchers

Thank you!

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