

## **“The French Support Policy for independent book stores”**

### **1- Objectives**

One of the main objectives assigned to the French Ministry of Culture is :

- **to encourage literary and book creation,**
- **to support its diversity**
- and to **reinforce access for the public** to the creation works.

The existence of **a large diversity of books retailers** is a condition of the development of the diversity of creation.

Thus, a way to reach the objective of a largely diversified creation is to encourage the diversity of distribution networks.

That also mean to **alleviate the concentration** in the sector of book distribution, which generally leads to a standardisation of the creative offer.

Among the various types of retailers, independent book stores are those where the diversity of creation is generally the most highlighted.

That's why the French book policy has consisted, since the last 30 years, to support the development of the independent bookstores network.

### **2- Legal regulation measures**

These policy has built on legal regulation measures, which aim at encouraging the diversity of book distribution networks and especially the development of independent bookshops.

#### **2.1- The law on fixed book price (1981)**

First of all, the law, adopted by the French Parliament in 1981, has instituted a fixed price for books.

The selling prices of books are freely set by publishers, and all retailers must sell the book at this fixed price.

By establishing the principle that the price of a book is the same whatever the place it is sold, the law has prohibited unrestricted discount and **substitute to price competition** between retailers **a competition based on the diversity and the extent of the editorial offer** proposed, and also **on the quality of the service** provided to customers.

Thus, the law has permitted the independent book stores network to continue and even to develop, and consequently to the exposition of the editorial diversity to grow.

#### **2.2- Regulation of the online business (2014)**

More recently, the development of the online business has seen the development of a commercial practice consisting in offering the shipping costs to customers.

Considering this practice as a way to circumvent the principle among which the price of a book is the same wherever you buy it, and to distort competition between online booksellers and book stores, the French Parliament has adopted, 3 years ago, **a specific law to prohibit the practice consisting not to bill the shipping costs.**

Consequently, all online booksellers has the obligation today to bill the shipping costs, so that the price of a book itself - except the price of the delivery service - is really the same where ever you buy it, on a book store or online.

### **3- Financial interventions**

Without prejudice of these legal regulation measures of the book market, the French Ministry of Culture has also developed financial interventions to support the development of the independent booksellers.

**The National Book Centre**, a public operator of the Ministry of Culture created in 1946, and the **regional cultural offices of the Ministry**, which are established in each of the 18 French administrative districts, distribute **subsidies to independent booksellers** to help them on each step of their development :

- creation or purchase,
- modernisation and enlargement of their shops,
- assortment diversification,
- development of website or online business solutions,
- organisation of cultural events,
- cash requirements...

All these interventions take form of **subsidies or loans** granted to independent booksellers for different operations which aim at developing the activity of the bookshop in the context of a global cultural project that contribute to enhance the presence of the book on the territory and to promote the diversity of the editorial production.

Besides these two public operators, the State has also given to a private banking institution, specialised in the funding of the cultural industries, the mission to offer **financial guaranties** to the banks that lend money to bookshops, in order to help these **to access bank loan in better conditions**.

Furthermore, the State has also given to **an association, created by publishers** and whose vocation is to sustain bookshops, the administration of a fund designed to **help bookshop purchasers by** according them **long term loans**.

As a whole, the economical interventions of the State for bookstores represent **5 M€ of subsidies each year**, and **13 M€ available for loans**.

Moreover, the French Ministry of Culture also sustains the **National Booksellers Training Institute** that provides **initial trainings and continuing education**, especially to entrepreneurs who intend to create or buy back a bookshop, with the aim at **improving the professionalization** of booksellers.

Finally, in 2007, **a certification** delivered by the Minister of Culture to **“Reference Book Stores”** has been created to distinguish the most qualitative retailers who strongly participate to the wide-spreading and the promotion of the editorial diversity.

This certification also permits the beneficiaries to obtain local corporate **taxes exemptions**.

Lastly, I have to mention that from **2013**, taking account of the fact that the economical situation of the independent booksellers tended to deteriorate, the Ministry of Culture has strongly enhanced the budget of the booksellers supports, by **a new contribution of 11 M€**.

### **4- Results of these policy**

#### ***4.1- Effects of the law on the fixed book price***

Concerning the legal regulative measures, an evaluation of the ***effects of the 1981's law on the fixed book price*** has been conducted in 2008 by a parliamentary committee, that concluded :

> First, that the law has permitted to **keep and develop a rich and diversified network of books retailers all over the country**, today composed of :

- more than 22.000 shops selling books,
- among which 4.500 shops whose main activity is book retail,
- and among them, 2.500 independent booksellers.

Moreover, this development of the bricks and mortar shops selling books has not been an obstacle to the development of new operators on the market, like the cultural mega-stores or the online bookshops that also grown significantly.

> Consequently, the law has permitted to ensure an **equality between all citizens in the access to the editorial creation**, wherever they live on all the territory.

> Finally, the law has **encouraged the vitality and the diversity of the editorial production** :

- the **new titles output** has constantly grown since 1981 and reach nowadays about **76.000** new titles published each year ;
- the number of **titles in print** has never been higher, with more than **700.000** different titles available today ;
- then, the **number of books sold** each year between 1986 and 2007 has grown by **50 %**.

#### ***4.2- Effects of the law on books distance selling***

The recent law adopted to regulate the books distance selling has permitted to **establish more balanced competition conditions between bricks and mortar bookshops and online retailers**.

Indeed, this measure has even given back to booksellers a new competitive advantage, to the extent that the price of the book is today systematically lower in a physical book store than on the online books retail, due to the obligation for the online retailers to bill the shipping costs.

#### ***4.3- Situation in the last years***

The market share of the independent bookshops, which had decreased since the beginning of the years 2000, when at the same time the online business increased, have for the first time increased of half a percent in 2014, and get stable since this date.

Moreover, in the last two years, we start to observe a new dynamism in terms of creations and transmissions of bookshops, with about 70 creations of new bookshops and 50 bookshops purchases each year, in big cities as well in smallest towns of the country.

As a conclusion, we observe, regarding the French situation, that **the adoption of a law on fixed book price is certainly the most important and efficient decision of the cultural public policy** to encourage the dynamism and the diversity of the book creation in the country, on which has been built later different complementary financial sustains in order to support the growth of a large network of independent bookshops all over the territory.

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