

Last year the Office of Fair Trading closed its investigation into the agency model and passed the matter to the European Commission to resolve the issue. The EC has since opened a formal investigation into publishers and agency pricing.

The Society of Authors has sent the following letter to the EC in response to its investigation:

Dear Mr. Almunia,

Important information regarding the investigation into Publishers and Agency Pricing

We hope this email will be considered as part of your investigation.

The 9,000 members of Society of Authors are significant buyers and readers as well as writers of books, so see both sides of the question. Although Amazon initially did much to galvanise and boost the popularity of books, especially ebooks, we have been concerned for some time at the damaging impact its increasingly dominant position is having on all aspects of the industry.

Amazon is a major retailer of in-print books; it is dominant in the second-hand and out-of-print book market; and it has a substantial and growing share of the ebook market, where its pricing policies are particularly aggressive. It is now showing interest (at least in the USA) in also becoming a publisher.

In our view there is no question, in the UK at least, that other retailers are struggling to compete. Amazon's ability to sell books and, especially, ebooks (which do not incur warehousing and distribution costs for the retailer) at unrealistically high discounts also impacts more directly on publishers and authors. Without being able to sell books at realistic prices, publishers cannot afford to invest in new, speculative, or slower-selling titles. We should perhaps add that publishers - from the very large, to the smallest of one-man companies - are in commercial competition with each other.

We would stress the importance of seeking to maintain as wide and varied as possible a range of outlets for books (in all formats), including in particular a strong and visible presence in the high street. A recent survey in the US (reported in the trade journal [Publishers Weekly](#)) looking at how readers 'discover' new books revealed that personal recommendations and bookshop recommendations between them account - almost equally - for 80% of such discoveries. Without the competition of other retailers, notably high-street bookshops (those which stock more than the sure-fired popular winners), even Amazon's bookselling might implode under the weight of self-published items, regardless of quality or merit, uploaded daily.

A flourishing environment for a wide variety of books (not only the most popular bestsellers) and reading is essential not only important for a nation's cultural health but also as the principal means of nurturing literacy and communication skills. Results of a survey, '[Family, scholarly culture and educational success: Books and schooling in 27 nations](#)', published in Research in Social Stratification and Mobility (www.sciencedirect.com) makes the point that regular reading for pleasure is the single most useful and effective improver of educational achievement.

The agency system has given much-needed stability to the market for British and international ebooks, ensuring a level playing field so that everyone - established or new - can potentially make a good business from selling ebooks without fear of predatory pricing by any one highly dominant and wealthy competitor. To consider outlawing the agency system is highly ironic. Far from preventing a monopolistic position, it would in our view be a very substantial step towards ensuring the worryingly damaging domination of the book trade by a single company.

Yours sincerely,

Kate Pool
Deputy General Secretary