

## Comments on the e-commerce sector inquiry

European and International Booksellers Federation

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### INFORMATION ABOUT THE RESPONDENT

- Company perspective
- Business federation, Bookselling industry - European & International Booksellers Federation
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- Federation registered in the Transparency Register : 9031106115-62

The European & International Booksellers Federation represents National Booksellers Associations in the European Union and further. Its objective is to represent its Members' interests at European level and internationally. EIBF Members in turn have in membership booksellers of all kinds: independent, chains, specialized, online and brick and mortar bookshops.

### BUSINESS PRACTICES

Booksellers have always been keen to sell as many books as possible to the largest audience. They have massively engaged into e-book selling, in order to be able to offer the reader the possibility to read what he wants, when he wants in the format of his choice. Today, between 70 and 87% of booksellers are present on the e-book market, especially on the leading linguistic markets such as Germany, France, the UK, the Netherlands and Spain.

However, the e-book market is a nascent and uncertain one and at the time being, no retailer can claim that selling e-books and e-readers on national markets is a profitable activity (see the infographics attached to this email), be it for an independent bookseller, a chain, or a pure player online.

Generally speaking, from a business perspective, the availability of services on given markets depends on a series of business decisions ranging from the company's strategy, the size and potential profitability of the market, return on investment, fiscal and administrative obligations as well as technical and legislative constraints.

It needs to be highlighted that, in more than one third of the cases (37%) as shown in the e-commerce sector inquiry, digital content is simply not available due to insufficient consumer demand.

Last but not least, piracy is a major unsolved issue on most markets.

### RESTRICTED COMPETITION

Creating the conditions for maintaining a strong presence of bookshops in communities locally guarantees access to a great variety of books, as well as shopping & entertainment opportunities for consumers.

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#### Write to us

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Consumers suffer when single companies monopolise the market and abuse of their dominant position, whether in the USA or in Europe.

Reduced competition means reduced choice for European consumers. Healthy competition between e-book distributors guarantees a robust, diverse retail landscape. It is not good for consumers when there is little room for challengers on the e-book market because it prevents the emergence of new actors while the smaller ones tend to disappear. Conversely, consumers and societies benefit from a rich and varied e-book offer when retailers are operating on a level playing field and there is healthy competition among them.

Furthermore, local retailers who pay their taxes dutifully and therefore add value to their municipalities and the local communities can hardly compete with major international retailers practicing tax avoidance. The European and International Booksellers Federation strongly believes that public policies should promote a competitive and fair business environment so that consumers can have access to a broad array of retailers and a wide range of books in all formats.

Yet, in spite of this unfair competition, booksellers have demonstrated that they are keen to embrace the digital revolution making sure that they serve those of their customers who prefer e-reading to paper-reading. Every business aims to grow and retailers across the continent are eager to build up business models to expand their activities to cross-border sales, at an appropriate time, and under the condition it does not damage their economic sustainability.

#### LIMITED CONSUMER CHOICE

European consumers should have the right to read the e-books they have legally acquired on the device of their choice and should not be locked into proprietary systems. All e-books should be interoperable, whatever platform they are bought on. Consumers should enjoy full interoperability between files and devices when they buy e-books. They should have easy access to the e-books they have acquired legally and be able to read them easily on the device of their choice. Consumers should have the freedom to purchase e-books from any supplier – and not be locked into one supplier’s ecosystem. When buying from any given supplier, they should be able to enjoy open systems, and transfer the e-book to the tablet or e-reader of their choice.

#### APPLICATION OF GEO-BLOCKING & OBJECTIVE FACTORS JUSTIFYING IT

EIBF strongly appreciates the Commission’s observations that geo-blocking of electronically supplied services protected by copyright is mostly based on calculated decisions by business-owners.

The presence on a given market outside national borders generates obligations and costs that a retailer has to evaluate before agreeing to sell to customers outside its national borders. VAT obligations, fiscal reporting and auditing, customers’ service constraints are the constraints most commonly quoted. Besides e-book retailers must respect the contractual obligations set by their providers, aggregators and wholesalers.

As said earlier, the e-book market is a nascent and uncertain one and at the time being, no retailer can claim that selling e-books and e-readers on national markets is a profitable activity.

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This is even more understandable when one refers to the European Commission's [Flash Eurobarometer 411](#), which reports that only 1% of Internet users try to access e-books across-borders

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*EIBF is of the opinion that contractual freedom must be respected in all circumstances. As stated above, every business aims to grow and retailers across the continent are eager to build up business models to expand their activities to cross-border sales, at an appropriate time, and under the condition it does not damage their economic sustainability*

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# Selling an e-book

## What's the average profit for a bookseller?\*



**BUYING THE FILE**  
(EXCL. VAT)

5,33



**20% VAT**  
(by default)

1,33



**THIRD PARTY'S FEES**  
(aggregator)

0,53



**ONLINE PAYMENT FEES**

0,15



**UPLOAD FEES**

0,13

**OPERATING MARGIN**



0,52



+



+



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**OTHER FIXED & VARIABLE COSTS**

**eibf** European and International Booksellers Federation

\*These figures illustrate the average profit when selling an e-book. The type of retailer and other variables may influence the operating margin. Practitioners do agree that the above-mentioned figures provide an accurate picture of the situation.

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