

The Amazon system, a threat to bibliodiversity?

Considerations proposed by the Digital Lab of the International Alliance of independent publishers (October 2014)

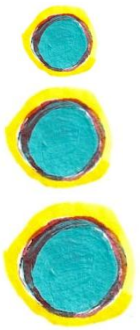
The increasing dependence of Western publishers on digital giants companies such as Amazon, Google, or Apple bears consequences for bibliodiversity. Recent conflicts opposing Amazon to Hachette in the United States as well as librarians and booksellers in France and Germany (for “abuse of dominant position”) are some examples of this. To better understand the Amazon system, the Lab team proposes some points of reflection on the workings of the American company and its impacts on the book chain and bibliodiversity.

Adverse impacts on the book chain

Because of its dominant position on the market and its huge logistic capacities, Amazon is an almost unavoidable outlet for Western publishers wishing to commercialise their book on the Internet – whether they are e-books or not. Although publishers are quite critical of Amazon’s operation, they increasingly depend on this system that represents a growing part of their trade. For readers, however, it is a practical outlet: Amazon is considered the fastest and most efficient platform, and it is where readers go when they want to buy books online.

The hegemonic position of the American company has major consequences for the book chain:

- Because of its dominant position, **Amazon imposes very strict business conditions to publishers**, in terms of price policy that deprives publishers of any business latitude, among others. **By constituting itself as a [monopsony](#) in some countries** (almost a unique trade outlet for publishers), the American company has the power to strongly influence book prices by lowering them. This is the case in Germany, where the German association of bookshops and publishers (Börsenverein des Deutschen Buchhandels) lodged a complaint to the Federal business bureau for “[abuse of dominant position](#)”. German publishers and booksellers criticise Amazon for taking advantage of its domination on the online book sales market to obtain reduction of 40% to 50% on book prices.
- Although Amazon is of course a serious competition for traditional bookshops, its recent activities and projects show that **the platform wishes to position itself among other links of the book chain**. By publishing texts privately printed, Amazon is gradually becoming a publisher. With its [second-hand e-books resale project](#), it is a threat to authors as readers could resale an e-book to another reader. Similar to what is happening with second-hand paper books, this transaction would not bring income for a book’s publisher and author.
- With the launch of [Createspace](#), its printing-on-demand system for Europe, Amazon also takes control of manufacturing. This tool follows BookSurge, Amazon’s prior print-on-demand service that [excluded all competition](#) by forcing publishers who wanted to submit their books for print-on-demand to do it via this platform.



If Amazon generates important sales figures through the sales of cultural products, it is far from making profits. At the third trimester of 2014, the business thus announced a [net loss of 437 million of dollars](#), the most important loss it ever registered in one trimester. These losses can be explained, according to the American company, by major investments made to conquer new markets. Even if financial markets supported the distributor until now, a break of trust from investors could lead to an eventual explosion of the “Amazon financial bubble”, threatening the entirety of the Western cultural ecosystem. The reduction by 20% of the Amazon share value since the beginning of the year could also be a warning sign that markets are losing confidence. **To reduce dependency on Amazon, it would be less risky to decentralise the offer as from now, and guarantee the sustainability of a system made of independent digital actors.**

Closed model and data control, detrimental to readers

- **Technologically speaking, the model imposed by Amazon for digital publishing is a closed model and limited in terms of functionality.** Amazon does not trade books in ePUB format. This open format, proposed by the IDPF¹, imposed itself as the standard for e-books files. EPUB is readable without conversion on all reading supports (tablets, e-readers, smartphone, etc.), except Kindle Amazon. Conversely, proprietary formats MoBi and KF8 imposed by Amazon can only be read on Kindle. Moreover, MoBi and KF8 formats are limited in functionalities, and do not provide for genuine interactivity. By imposing its closed model as a unique alternative, **Amazon closes the market and makes cultural producers dependent on its system**, on par with seed bearers like Monsanto creating a dependence on their products via patents and [“Terminator” technologies](#).
- Contrary to general opinion, Amazon is not only an online trade website. Its strength can be summarised in two major points:
 1. [Cloud computing](#) ;
 2. [Big data](#).

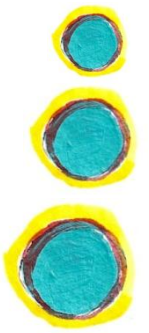
Through its mastering of cloud computing, Amazon increasingly controls web “raw data” and can stock a large amounts of data. With these big data, Amazon exercises huge power over consumers’ personal data. Indeed, the most important aspect of online trade is not so much the sale itself, but the collection of clients personal data (What are they purchasing? When? Where? At what time and how often? Etc.). And personal data collection feeds targeted online publicity.

Moreover, even if Amazon is not involved in the Prism case, recent revelations on the American National Security Agency (NSA) large-scale spying of online services (including Facebook and Google) raises **the issues of users private data protection, and of the danger of such a concentration of information in the hands of so few major companies.**

Bypassing laws and public policies: the rules are not the same for all

- If Amazon can propose advantageous trade conditions for the consumer, it is notably because they pay less tax than local businesses (traditional bookshops, online bookshops, digital publishers, etc.). Almost all sales done in France by the American giant company

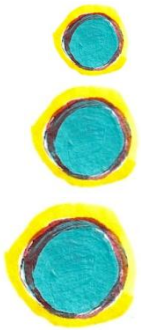
¹ The International Digital Publishing Forum (IDPF) is a not-for-profit organisation whose goal is to enable access to digital publications by promoting the creation of open standards. IDPF is behind the ePUB e-book format.



are declared in Luxembourg. This practice, which is not so dissimilar to tax evasion, enables Amazon to evade tax and therefore suppress competition. To support the emergence of actors alternative to Amazon, and the development of online sales in bookshops, **it seems clear that tax regulations must be the same for all and that the same level of competition be guaranteed.**

- The American company's commercial success has for long omitted **the harsh work conditions imposed by Amazon in its distribution warehouses**. The infernal cadence, extreme surveillance of employees, and anti-union policies are now [known](#), but it seems necessary to inform readers about the other side of Jeff Bezos' business (founder and current CEO of Amazon).
- Using consumer protection as an argument, **Amazon bends laws that are meant to protect the book sector to practice a "discount policy" that seeks to suppress competition**. Amazon proposes free shipping regardless of purchase amount in countries benefiting from a fixed book price policy (France, Germany, Austria, etc.). Bypassing the law enables Amazon to cut prices with the intention of spreading its monopoly on the online book market. The recent French law (called "Anti-Amazon law") forbids free shipping for books sent to a physical address, clearly recognising this practice as a disloyal competition for traditional bookshops². On announcement of the adoption of the law, Amazon indicated that it would propose shipping fees of 1 cents of Euro in France, bypassing once again the law to carry out its dumping policy.
- Another example of bypassing: in Brazil, recent discussions on the [reviewing of the Book Law](#) saw Amazon pressurising for digital readers to be included in the new definition of a book, on par with e-books. If this were the case, Amazon's Kindle would benefit from the same tax rebate as books. Several deputies and Brazilian independent publishers from the LIBRE collective [opposed this proposal](#), considering that digital devices (including closed systems such as Kindle) were not books and that leaving the space open for Amazon Brazil could have negative impacts on bibliodiversity.
- Amazon monopolistic tendencies are even more worrying when we know that Jeff Bezos has built a **long-term policy and media protection network in the United States**. He purchased the [Washington Post](#) in August 2013. The purchase of the newspaper by Amazon's owner stirred debate among the daily's editorial team, notably because of [links between Amazon and the CIA](#), source of a potential conflict of interest.

² Besides the interdiction of free shipping, the law also forbids Amazon (and all digital bookshops) from offering "a 5% rebate on books shipped to a physical address". When the book is purchased in a bookshop or on the Internet and withdrawn from bookshops, the 5% rebate can however be applied. The objective of this measure is to "[re-balance competition](#)" between traditional bookshops and online bookshops.



Proposals for activities and measures supporting bibliodiversity

- **What alternatives to Amazon do actors from the book chain find and develop?**
 - Support digital development in traditional bookshops and local players to become an alternative to Amazon. Some bookshops already have performing online sale systems, they must simply be advertised to readers;
 - Imagine a new open source technology channel, that would be based not on economy of scale but on a new division of labour: the point would be to build connected meta-networks and multi-supports, inter-professional platforms, that would give greater stability to the market and more sustainability and diversity of contents.
- **What regulations international organisations and public authorities could implement in the face of the Amazon monopoly/ monopsony³?**
 - Ensure that the issue of monopoly/ monopsony of major digital platforms is considered in UNESCO's *Convention on the protection and promotion of the diversity of cultural expressions*;
 - Building on the French "Anti-Amazon" law model, propose public policy measures that would allow the control of major digital platforms monopolistic tendencies;
 - Call upon the World Trade Organisation (WTO) to better regulate and monitor the conditions of sales of cultural products.

The [Digital Lab](#) was created by the [International Alliance of independent publishers](#) to support publishers in their experimentation and questions around digital publishing – by proposing solutions adapted to their needs and respecting local ecosystems. The Digital Lab is an outcome of the reflection started in 2011 with the publishing of the [Study on digital publishing in developing countries](#) (by Octavio KULESZ).

³ In the "2014 International Declaration of independent publishers", publishers stress the fact that "**Digital actors in hegemonic position, such as Amazon, Google or Apple, must not disregard in-country tax laws and regulations. [...] They call upon public authorities and international organisations to establish regulations in favour of bibliodiversity, for publishers and booksellers to play their essential roles of actors and mediators in support of culture**".