

CMA alleges guitar firm illegally prevented price discounts

The Competition and Markets Authority (CMA) has today issued a Statement of Objections to Fender Musical Instruments Europe Limited, which supplies guitars to UK retailers.

The CMA has provisionally decided that between 2013 and 2018, Fender Europe operated a policy designed to restrict competitive online pricing, requiring guitars to be sold at or above a minimum figure.

The practice, known as resale price maintenance (RPM), is illegal. It restricts the possibility of discounting and, as a result, customers who shop around for a product are unlikely to find better deals.

Guitars make up a significant part of the wider musical instrument sector which has an estimated turnover in the UK of around £440 million annually. Online sales of musical instruments have grown to around 40%, making it more important that people have access to competitive prices.

Ann Pope, CMA Senior Director of Antitrust, said:

Shopping online can make it much easier to compare prices and hunt down bargains – this can be especially important for potentially big purchases like a guitar.

We take allegations of RPM very seriously because it removes one of the benefits of the internet of making it easier to quickly find a better price by shopping around. It stops online retailers from selling at the prices they want to, and this then leads to higher prices for customers.

For businesses wanting to know more about RPM, the CMA has published [guidance to help suppliers and retailers](#) across all sectors, with information about what to do if they are, or may have been, involved in this or similar practices. Businesses can also watch the CMA's short film that explains what RPM looks like in practice.

[What is resale price maintenance \(RPM\)?](#)

The CMA's findings are provisional, and no final decision has been made about whether there has been a breach of competition law. The CMA will now carefully consider any representations from the company before reaching a final decision.

Notes to editors

1. The Chapter I prohibition of the Competition Act 1998 covers anti-competitive agreements, concerted practices and decisions by associations of undertakings which have as their object or effect the prevention, restriction or distortion of competition within the UK or a part of it and which may affect trade within the UK or a part of it. Similarly, Article 101 of the Treaty on the Functioning of the European Union (TFEU) prohibits such anti-competitive agreements, concerted practices and decisions by associations of undertakings which may affect trade between EU member states.
2. The European Commission recently fined four companies for RPM in July 2018: [Philips](#), [Pioneer](#), [Asus](#), [Denon](#)
3. The CMA has so far fined companies for online RPM in four cases: one in August 2019 in the [digital pianos and digital keyboards sector](#), one in August 2016 in the [light fittings sector](#) and two in May 2016; one in the [bathroom fittings sector](#) and one in the [commercial refrigeration sector](#).
4. The Statement of Objections is addressed to Fender Musical Instruments Europe Limited which the CMA provisionally considers was directly involved in the alleged infringement and to Fender Musical Instruments Corporation as its ultimate parent company.
5. The CMA has not addressed the Statement of Objections to any retailer. This is because the CMA has applied Rule 5(3) of its 1998 Rules, according to which it may address a proposed infringement decision to fewer than all the persons who are or were party to the relevant agreement/s.
6. The estimate that an average of around 40 per cent of musical instruments are now sold online is based on information the CMA gathered from a number of major UK retailers and published today in its [Digital pianos and digital keyboards sector Decision](#).
7. The CMA has three other ongoing antitrust investigations in the musical instruments and equipment sector: cases [50565-4](#), [50565-5](#) and [50565-6](#).
8. For CMA updates follow us on [Twitter](#), [Facebook](#), and [LinkedIn](#).
9. Media queries should be directed to press@cma.gov.uk, on 020 3738 6460.