

Music firms illegally prevented discounts, CMA alleges

The Competition and Markets Authority (CMA) has today issued separate Statements of Objections to Roland U.K Limited (Roland) and Korg UK Limited (Korg), which supply electronic drum kits, and hi-tech music equipment and synthesizers to UK retailers, respectively.

The CMA has provisionally decided that both companies operated policies restricting online price competition. The CMA provisionally considers that Roland required its electronic drum kits to be sold at or above a minimum price between January 2011 and April 2018, while Korg did the same for its specialist equipment such as synthesizers and DJ production tools, from June 2015 to April 2018.

This illegal practice, known as resale price maintenance (RPM), aims to prevent retailers from offering lower prices— meaning there are few discounts available, even when people shop around. The CMA's investigations into Roland and Korg follow recent fines issued to the keyboard supplier [Casio](#) and the guitar maker [Fender](#) for similar behaviour.

Developments in software have also made it easier for suppliers and retailers to monitor online prices, with Roland and Korg both subscribing to these services. As a result, suppliers can use a 'Big Brother' approach to identify lower online prices and put pressure on retailers to bump them up. The use of this 'all-seeing' software is also likely to force more retailers to comply with pricing rules in the first place, for fear of being caught and sanctioned.

Roland and Korg both manufacture instruments and equipment favoured by musicians and DJs involved in the electronic dance music (EDM) scene, which has grown into a large global industry over recent years. At the end of 2017, its global market value was estimated at £5.5 billion.

Ann Pope, CMA Senior Director of Antitrust, said:

When someone at the top of the chain insists on setting a minimum price online, customers lose out. Online selling should offer people more choice and the chance to benefit from competition – but this practice means that people can't find lower prices when they shop around, which is one of the major advantages of internet shopping. That's why we take any allegations of this kind very seriously.

It doesn't matter whether electronic musical instruments and kit are being purchased by a world-renowned DJ or a music enthusiast setting up a home-studio – everyone should be able buy at the best prices.

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 both the companies before reaching any final decision in either case.

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 fined four companies for RPM in July 2018: [Philips](#), [Pioneer](#), [Asus](#), [Denon](#)
3. The CMA has so far fined companies for online RPM in the musical instrument sector in two cases: one in January 2020 in the [guitar sector](#), one in August 2019 in the [digital pianos and digital keyboards sector](#). The CMA has also fined three companies in other sectors for RPM: one in the [light fittings sector](#) in August 2016, and two in May 2016: one in the [bathroom fittings sector](#) and one in the [commercial refrigeration sector](#).
4. The individual Statements of Objections are addressed to Roland (U.K.) Limited and Korg (UK) Limited which the CMA provisionally consider were directly involved in the alleged infringements in each case.
5. The CMA has not addressed the Statement of Objections to any retailer in either case. 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 CMA estimates that an average of around 40 per cent of musical instruments are now sold online which is based on information the CMA gathered from a number of major UK retailers and published in its [Digital pianos and digital keyboards sector Decision](#).
7. The Guardian newspaper reported the estimated value of the size of the electronic dance music market in the following article: <https://www.theguardian.com/music/2018/may/27/electronic-dance-music-edm-has-it-all-gone-pete-tong-sales-plateau>.

8. In 2019 the CMA issued 18 warning letters about resale price maintenance: alerting companies to the illegal nature of this practice and prompting action to ensure compliance.
9. The CMA has three ongoing antitrust investigations in the musical instruments and equipment sector: cases [50565-4](#), [50565-5](#) and [50565-6](#).
10. For CMA updates follow us on [Twitter](#), [Facebook](#), and [LinkedIn](#).
11. Media queries should be directed to press@cma.gov.uk, on 020 3738 6460.