

Why not Sundays – but at what price?

By [Gérard Cornilleau](#)

With respect to opening DIY stores on Sundays, one aspect of the issue has never been raised. It nevertheless concerns the majority of customers who shop on weekdays during the day. If stores keep their doors open late or outside traditional work days, the labour costs will rise and the structural costs will fall. The rise in cost is due to the wage compensation to be paid to employees who agree to work outside normal hours. It is now clear that such compensation is necessary. The current discussions between the trade unions and the high street chains will undoubtedly lead to an increase in compensation, with wages likely to be doubled for those working Sundays. Evening work, after 9 pm, will also be compensated. Otherwise, the number of “volunteers” is likely to fall drastically. Nor does anyone really want to argue about whether such compensation is “fair”[\[1\]](#). The reduced structural costs (due in particular to lengthening the duration of capital utilization) should be accompanied by a redistribution of business between neighbourhood shops and the large retailers: as it is unreasonable to expect a higher volume of sales[\[2\]](#), the extension of hours should strengthen the trend towards business concentration, with fewer stores open longer. From the perspective of well-being, this development should be favourable to those who want to shop outside normal times, and can, and unfavourable to those who prefer to do without a local service on a human scale, or would find it difficult to do so, such as the elderly.

This raises the issue of compensating “loser” customers who do not wish to shop outside traditional hours or in less accessible stores. It is not acceptable that in the absence of price discrimination, the customers who demand to be served at

night or on Sundays are subsidized. This existence of an implicit subsidy like this is also unjustified from a strictly economic perspective: in order for consumer choices not to be biased, they must bear the cost of the service they want. In other words, Sunday and late night consumers should pay a fair price for the service they use, and the extended hours should not come at the expense of other consumers [3]. Fortunately, there is a simple solution to this problem: a mandatory fixed coefficient could be applied to the price of purchases made after 9 pm or on Sundays [4]. From then on consumers can choose freely whether to buy during normal hours at the current rate, or outside these hours at the higher rate. Detailed statistical work would be needed to determine the amount of the increase, but it is possible to give an order of magnitude: since trade margins are close to 1/3 and payroll accounts for about 60% of the cost of the business operations, a minimum increase of approximately 15% would be required to account for the doubling of wages on Sundays and after 9pm. Furthermore, to compensate for the potential loss of well-being due to the impact of non-standard shopping hours in the commercial facilities, a coefficient of 20% seems reasonable. Once store customers pay for the extra service they want, i.e. shopping on Sundays or evenings, it would be possible to agree for traders to freely choose whether or not to open, under the same conditions as today of paying compensation and of verification of the “voluntary” nature of the work outside standard working hours. Based on customers’ response to this price discrimination, the store’s choice of whether to open would be made on a rational basis, without penalizing those that do not do business outside regular hours.

This solution is extremely easy to apply since it would involve only a very slight change in the software coding of store tills. It would also be very easy to verify implementation. It is compatible with greater business freedom and fair compensation for employees. Nevertheless, this could still be opposed for moving in the direction of disrupting

social time, which could be avoided only by binding regulations. It seems to me that this could nevertheless be tried out so as to accurately measure the need for opening stores outside “normal” hours: if there are still many takers despite a 20% hike in the bill, then that would indicate a substantial need for longer opening hours. Otherwise, there could be a return to a more satisfactory situation where some stores (or parts of stores) open to meet marginal demand, with most business, and therefore most working time, still focused on the traditional work week and working hours.

[1] Many professions charge premium rates on Sundays without anybody questioning the legitimacy of this practice. This is particularly the case of the medical profession. If sometime in the future work on Sundays were to become “commonplace”, the Sunday price increases could be called into question, including for those professions. On the other hand, increases for night work would continue to be justified by the highly negative impact on health.

[2] See the contribution of Xavier Timbeau (<http://www.ofce.sciences-po.fr/blog/never-on-sunday/>)

[3] The prices in stores open on Sundays and at night, such as neighbourhood convenience stores, are already well above average, which avoids excessively subsidizing “non-standard” customers. The higher prices in these shops are readily accepted because they correspond to a specific service. But in the case of a general elimination of regulations on working hours, it is unlikely that stores in traditional channels would spontaneously introduce price discrimination.

[4] This increase is not a tax. The formula associated with this would constitute income for the store, which would be strongly encouraged by competition to lower overall prices.