

Distribution in Book Publishing

By

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Book Publishing and Distribution

Book publishing is a business with its own characteristics regarding specialized product development, marketing, and distribution. Newcomers to the business need an orientation to how all three of these functions operate in the book industry, and likewise experienced professionals could benefit from a refresher on them as well.

Our purpose in this paper is to focus on only one of these functions, namely, how books are distributed. Please note that *it deals only with the distribution of printed books, not ebooks*, which have different distribution characteristics.

Distribution is how your book will get from you, the publisher, to the customer. In other words, after you have made the sale, how will your printed book be physically distributed to the reader? How will you collect the proceeds of your sale? How will you order printing of your book? How will you control inventory? How will you track sales? Will you handle all distribution yourself, or will you seek help from professionals? In order to get answers to these questions, you need to understand how book distribution works.

In this paper, we will cover traditional book distribution channels with some updating to include recent developments. You will learn about: Direct Mail; Distributors; Book Wholesalers; Retailers; Print on Demand and Wholesale/Retail Distribution; Libraries; and Educational Markets.

Direct Mail

Book promotion via mail, which includes renting or developing mailing lists of professionals in various fields and job titles and sending them brochures, has been a mainstay in STEM (scientific, technical, educational, and medical) publishing. It is less used in trade book promotion because trade book price points tend to be lower for the consumer market and consequently produce lower profit margins to cover the promotional costs. Direct mail promotion is a specialty field, complete with its own professional association, The Direct Marketing Association, www.the-dma.org. The direct-mail model works this way: you drive sales via mail promotions and the order comes to you; you fulfill it; ship via USPS or a carrier, such as UPS; and collect payment. For a one book self-publisher, it is prohibitively expensive to sell via direct mail to the customer, given the costs of paper, printing, postage, and lists.

An alternative is *Your Website Book Store*: in this model you sell direct to the customer at your website. Again similar to direct mail, the sale is made directly to the reader and it's your job to fulfill the order. However, even though website selling eliminates direct mail costs and provides automated ordering via credit card, you still have costs to develop and maintain a website—plus you still need to find ways to drive customers to it to buy your product.

Some self-publishers promote their books using an email mail blast system via such services such as Constant Contact. An email blast system can enable you to sell direct, just as a mail piece would, in order to drive people to your site.

Distributors

A distributor serves as middleman for a group of publishers by operating as their private marketing and fulfillment arm and charging 50% to 60% of sales to do so. Distributor services include sales representation to retail stores and wholesalers via both field and telephone sales operations; billing, order processing and fulfillment; inventory and sales reporting; and collection. Depending on your needs, you can purchase various combinations of these services. If you are a self-publisher our experience is that most distributors are reluctant to take on a self-published book, although some will consider it if a book is important and fits a subject niche that's one of their specialties. Some prominent book distributors include Independent Publishers Group (IPG) www.ipgbook.com; The Book Masters Group www.bookmasters.com; and Publishers Group West www.pgw.com.

Book Wholesalers

Wholesalers *resell* books to schools, libraries, bookstores and other retailers. Some general wholesalers, such as Baker & Taylor and Ingram, sell books of all types to retail and institutional customers, whereas others specialize in certain market segments, such as Rittenhouse for medical books, Spring Arbor for religious books, and Follett for K-12 books. Because they usually stock thousands of books from thousands of publishers, wholesalers offer their retail and institutional customers the benefits of “one-stop shopping”—including the ability to combine all titles from many publishers to qualify for the wholesaler’s highest volume discounts.

Many wholesalers will also promote a publisher’s books *for a fee* by listing them on their websites and in their magazines, catalogs, and online ordering databases. However, wholesalers are mostly “order takers,” relying on publishers to promote books to appropriate audiences and drive resulting retail/library sales to them. Wholesalers typically expect discounts of 50% to 55% from trade publishers, which allows them to extend a flat 42% discount to retailers. They also want extended payment terms from publishers of net 90 days to allow time for them to receive and inventory books; sell and ship them to retailers; then wait for the retailers to receive, shelve and sell the books, and then send payment to them based on typical retail payment terms of net 60 days. Wholesalers want enough time to collect payment from bookstores and institutions before paying the publisher.

For self-publishers, it is almost impossible to get their foot in the door of major wholesalers such as Baker & Taylor and Ingram because they focus on stocking books from major publishers, which have the financial resources to promote their books and drive sales to the wholesaler. However, self-publishers who use the Print on Demand services of Lightning Source, which is owned by Ingram, automatically achieve distribution through Ingram. See www.lightningsource.com for more information.

Retailers

The “bricks and mortar” bookstore traditionally has been the most important channel for reaching book buyers. It still is, but this sales venue has been declining for the last 15 years, with independents disappearing because of the market clout of the national chain bookstores such as Barnes & Noble, Borders and Books-a-Million. Borders is now bankrupt and closed,

partly a casualty of not keeping up with the trend toward website selling (it was a distant third behind Amazon.com and Barnes & Noble.com) and ereader development and ebook distribution. The rise of Amazon as the dominant online print and ebook bookseller and the emergence of ebooks and ereaders have also been a key contributing factor in the demise of many “bricks and mortar” stores.

Bookstores usually order through wholesalers or distributors, as noted above. Generally, bookstores do not stock self-published books, usually for the same reason wholesalers don't—they're basically order takers relying on publishers with deep pockets to do sales promotion and drive customers to them. However, every so often a self-published book that meets the public fancy will “force” retailers to stock it or miss out on a profit-making opportunity. The chances of that happening to a self-published book are perhaps 3,000 to 1. One exception is the Small Press Department at the Barnes & Noble New York headquarters. They will work with you to get your book considered for limited stocking by their category buyers, but your book must be professionally edited and produced to qualify. For details see http://www.barnesandnobleinc.com/for_publishers/How_to_Submit_a_Book/How_to_Submit_a_Book.html.

Specialty Retailers: If your book fits a certain category, such as crafts, cookbook, hobby cars or trains, etc., you may be successful in placing it in a retail store that specializes in serving customers with these interests.

Print on Demand Retail and Wholesale Distribution

There are a number of companies that specialize in the technology of print on demand (POD) coupled with sales distribution of both print and ebooks, such as Amazon's CreateSpace, Ingram's Lightning Source, Inc. (LSI), Lulu, etc. For example, if you self-publish via CreateSpace, you get an automatic book listing on Amazon.com. If you self-publish through Lightning Source, you can get distribution on the websites of Amazon.com, Barnes & Noble, Powell's, Abe Books, and a hundred other online retailers worldwide. Lightning Source pioneered “virtual warehousing” in that the websites of Amazon, B&N, Powell's, and other online retailers are hardwired to LSI. The result is that when a customer orders a book supplied via POD, the order is transmitted immediately to LSI for printing and shipping, all totally transparent to the customer.

When bricks and mortar retailers, which tend to use book wholesalers, order POD books from Ingram, transparent to them is Ingram's use of LSI to fulfill orders of any POD books. Ingram transmits the POD part of the store order to LSI, which will print books and transport them a mile up the road to Ingram's big Tennessee warehouse for shipping to the retailer, combined with all the traditionally stocked books from other publishers that the retailer may have ordered. Since Ingram owns LSI, it's an efficient, virtual inventory eco-system. You need to be aware that many companies offering self-publishers editorial and marketing services, such as Xlibris and iUniverse, use LSI for book distribution, but you can use LSI directly as well.

Libraries

The library market is a huge and important channel for book publishers. According to the Association of American Publishers, publisher library sales during 2010 reached net revenue of nearly \$6 billion and unit sales of 143 million.

This large market is segmented by type of institution and patron served, such as public, school, college/university (or academic), corporate, government and military, and research libraries. About 80% of public and school libraries order through book wholesalers for the one-stop shopping reasons noted above. However, only about 20% of orders from the other types of libraries go to wholesalers since these institutions often need a large variety of specialty research and scholarly publications not stocked by wholesalers.

It is important to understand that libraries rely on several major publications for book reviews to guide their purchase decisions, including *Library Journal*, *School Library Journal*, *Kirkus Reviews*, and American Library Association's *Booklist* for public and school libraries and *Choice* for academic and research libraries. However, it is difficult for self-publishers to get reviewed by these sources because of the sheer volume of self-published books and the perceived poor credibility/quality that too many such books have. And, as also noted above, it is enormously difficult for self-publishers to be accepted by the book wholesalers that serve libraries. About the only way for a self-publisher to sell to libraries is to try contacting appropriate libraries with a book of local/regional interest, or doing an end run around the wholesaler entry barrier by using Lighting Source for Print on Demand to get listed in Ingram's database.

Educational Markets

As noted above, the libraries in K-12 schools, colleges/universities, and trade and technical schools tend to order through book wholesalers. Getting a self-published book adopted as a classroom text is next to impossible. It is enormously labor-intensive to work with the curriculum committees at the K-12 level or to cultivate the interest of college professors. It is also enormously cost-prohibitive since all of them expect free review copies. Textbook selling is a "long-cycle sell" that only publishers with deep pockets for editorial development and marketing resources can afford. Some publishers also sell via direct mail to teachers.

A McHugh-Mitchem Publishing and Marketing Audit

Do you need an independent evaluation of the effectiveness of your organization's marketing efforts or sales representatives? Need marketing research, including email/online surveys, in-depth telephone interviews with your staff or customers, on-site or online focus groups, etc? Want to orient new staff to the "hows" of marketing books? Then consider working with Jack McHugh and Terri Mitchem, two long-time book publishing professionals, who understand the book business and the marketing of books through various book industry sales channels.

And if your organization is an association or professional society, McHugh and Mitchem have audited nonprofit publishing programs to improve profitability through new product development and marketing effectiveness. For more information, call Jack McHugh at 414-351-3056 or email jack@johnbmchugh.com.

Of Interest to Book Publishers Free

McHugh Expert Interviews http://www.johnbmchugh.com/expert_interviews2.htm

I-8, *Successful Independent Book Publishing: An Interview with Judy Galbraith, Free Spirit Publishing*, 2010

I-12, *Recent Trends in Trade Book Publishing, An Interview with Jeremy Soldevilla, Christopher Matthews Publishing*, 2011

I-20, *Social Media and Social Learning: An Interview with Pam Boiros, Skill/Soft Books 24x7*, 2012

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SM-8, 2014, 6 pages, \$5.00

About Terri Mitchem

Let me introduce you to Terri Mitchem, who collaborates with me on my publishing management audits. Terri brings impressive credentials from her 35-year career in marketing, sales, and marketing research management in the book industry in New York, Philadelphia, and Washington, DC, with such firms as Baker & Taylor, R.R. Bowker, W.B. Saunders, and the Bureau of National Affairs, Inc. (BNA). She has been a publishing marketing consultant since 1986, specializing in small publishers and association publishing. Her management experience ranges across a wide variety of publishing market segments, including business, technical, professional, reference, medical, college textbooks, trade books, legal and regulatory, religious, and association publishers. For a two-year period, Terri served as my marketing director when I was in charge of Publishing at the Project Management Institute (www.pmi.org).

Terri's strengths include marketing strategy and planning, primary and secondary marketing research, all aspects of book marketing and sales, and digital distribution of content. She has extensive experience in formal marketing research, with particular focus on new product development content, print and digital formats, and pricing. She uses a variety of primary research quantitative and qualitative data gathering methods, including online surveys, focus groups, and in-depth telephone interviews with employees, customers, and marketplace thought leaders.

She is also skilled in all aspects of secondary research, including market analysis, competitive analysis, synthesis and application of market trending data, and other relevant information from published sources appropriate to each market.

About John B. McHugh

John B. "Jack" McHugh is a 40-year veteran of the publishing business. Jack has worked as an executive for Houghton Mifflin, Wadsworth, and Saint Mary's Press. Jack is also an experienced association publishing executive. For seven years, he was Publisher and Director of Programs at the American Society for Quality and for a two-year period, he served as the Interim Publisher at the Project Management Institute. Jack's specialties include association/nonprofit publishing, book publishing, executive recruiting, journal publishing, rights and permissions, organizational

design, and startups. He is the manager of a LinkedIn™ group, Association and Nonprofit Publishing.

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