

Why Book Distribution Doesn't Work For You (i.e. through retail bookstores)

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In order to understand how book distribution works you need to understand publishing as a media enterprise. Because books are such personal objects, and readers have such an intimate experience when reading, it's easy to forget that publishers are media companies.

What I mean by this is that their businesses are mostly national businesses. Mass media, by its nature, is a broad avenue with many outlets. Look at these four effects that come from this fact:

- One to many—Mass media have few inputs, but many outputs. In other words, publications that appeal to the broadest possible audience are the mainstay of media companies, including publishing.
- National scope—because it's necessary to reach the largest number of people, most campaigns for books published by large publishers are national campaigns. Rather than addressing a particular niche, books are positioned to achieve the widest possible readership.
- Blockbuster mentality—because books are pushed into national campaigns, a great deal of money is tied up in launching these books. This naturally leads to a high risk strategy. Publishers now are getting upwards of 60% of their income from new titles. Years ago most of the revenue came from backlist, and there was an incentive to find books with a long shelf life. Now publishers expect some new books from each year's harvest will become wildly successful on a national stage, carrying the rest of the company with them. Books that may only be moderately successful can't "earn out" in this scenario, and are second-class citizens.
- Protection of retailers—the risks involved in the blockbuster mentality are not lost on retailers, who have to bear the brunt of the publishers' gambles. One of the chief features of the book distribution system—you can return the books that don't sell—grew out of this asymmetry between the risk and rewards of the publishers and their partners, the bookstores. In order to "protect" the bookstores, publishers made their books returnable, eliminating much of the risk from the equation.

So in order to operate profitably within this system, a publisher has to:

- Identify books that will have a very broad appeal
- Market these books to a national audience
- Print and distribute enough of these books to take advantage of mass media exposure
- Absorb the losses on all "losers" by using the profits from big "winners."

What This Means for Indies

The effect of this system is that, for most indie publishers operating on their own, real national book distribution is very challenging. And by very challenging, I mean almost impossible to make a profit at.

The business is truly cursed with the returnability of its products. A book may appear to be profitable, and you may have received payment for hundreds or thousands of books that seem to have been sold. But that picture can be reversed at almost any time. You might look out your window and see a truck pulling up to with many of those same books being returned to you. Of course, this will also come with a debit to your account from whoever wholesaled the books for you.

Added to this is the expense, clearly beyond most indie publishers, of printing enough books to stock enough stores around the country to take advantage of a media campaign that you probably can't afford anyway.

This would imply that the indie publisher or the self-publishing author with only one book has an unsustainable business model, if your business model requires you to use the book distribution system. It's obvious that such a publisher cannot operate on the "blockbuster" model, since there are no "winners" and "losers" but just the one book you've slaved over and now hope to make a profit from.

You can't afford to print 5,000-10,000 books, and you won't get an account with a real distributor anyway. You won't have a sales staff out pitching your book to book buyers at bookstores and discounters and book clubs. You won't be running ads on busses and paying for your book trailer to be shown on the local news. You won't be setting up a 10-city tour for yourself, or engaging in any of the other crucial parts of this distribution system.

In short, it won't work for most indie or self-published books.

Don't get me wrong. For the right book, the right author, and with the right support and enough of an investment, you can succeed at this, but the odds are very long indeed. The most successful self-published books succeed despite this distribution system, not because of it. They establish such a strong appeal among readers that demand for the book pulls it into the supply chain, and soon enough the author will probably license the book to a larger publisher who is well-placed to exploit that demand, something virtually no small operation can do on its own.

An Open Secret

Everyone in book publishing knows these facts, and lives with the reality that the business rests on what is essentially a consignment business model. There are two problems with this model:

1. By its nature it denigrates the very products it intends to sell. Books that are touted as the next great read, or essential scholarship, disappear just weeks after their launch if sales figures aren't high enough. The only commitment to these books on the part of publishers, their marketing staffs and the booksellers, is a conditional one: I'll love you as long as you sell.
2. It creates economic uncertainty for publishers. If your books are returnable, if you really have no idea which ones will succeed and which ones will fail because of the way the books are acquired and marketed, you have no way of controlling financial risk, even in months that appear to have already gone "into the books."

The New World of Book Distribution

This whole sorry situation is one of the reasons why independent, direct-to-the-reader distribution that's made possible by the internet has appealed so strongly to self-publishers and book readers who are looking for more than what's offered to the largest possible audience. What's pushing this along?

- Amazon and other online retailers, democratizing influences of the highest order, present any and all books on an equal footing, creating portals for anyone who can publish a book.
- The Internet itself, with its ability to discover products based on search rather than on wide advertising, creates a trail to those portals.
- Social media, in which intermediaries are dispensed with as readers and authors interact with each other, mitigates the whole blockbuster phenomenon.
- Ebooks, which eliminate the risks of over-production, over-distribution and returnability, stand the blockbuster model on its head. They allow, even encourage, the opposite model, what you might call the "experimental" model, where publishers are encouraged by the lack of financial investment to put out lots of products instead of loading all their efforts and hopes on one book, and which encourage experiments with pricing that are impossible with printed books.

All this has created what you might call a golden age for indie publishing. As long as indie authors understand the nature of the book distribution that's available to them, and exploit the advantages they have over larger publishers, amazing sales can be the result.

The long history of self-publishing leading up to now has mostly been about marketing to niche audiences. That remains the strength of indie publishing today. Making those niches profitable, using the content we publish ourselves, and understanding the power of social media marketing bring self-publishing success within reach.