Avoiding unproductive sales channels

Faced with the downside of modest sales when a book is offered through on-line retail channels alone, rookie self-publishers are often eager to place their books on bookstore shelves. As a result, they often put too much effort into unproductive sales channels, or fall victim to questionable distribution schemes.

There's nothing wrong with contacting the managers of local or independently-owned bookstores to ask if they will carry your book on consignment, or through an arrangement where you agree to merchandise or "job" the book. Many stores have "local author" or "local interest" sections for exactly this purpose. However, if your heart is set on seeing your book on the shelves of chain stores all across the country, there are some things to consider.

Bookstores normally acquire books from just one or two distributors or wholesalers, not directly from thousands of different publishers individually. So to reach the shelves of a large number of bookstores or libraries, a book must be handled by a major wholesaler such as Ingram or Baker & Taylor, or an independent distributor like Anderson or Hudson RPM. There are two ways to accomplish this.

The first way is to take on the total role of "publisher" and use the traditional book publishing scenario outlined earlier in Beacon #4 – you'd pitch the book to wholesale buyers, and if they liked it, they'd agree to distribute a certain number of copies at a wholesale price (e.g., 20,000 at a trade discount of $7.67 each). You'd supply those books with a guarantee that you'd take back any copies that were unsold after six months.

Under this arrangement, you'd need to spend about $48,000 up-front to prepare and pitch the idea, negotiate and sign an agreement, and then print and ship the books. As books were sold, the bookstores would pay the distributor, and then the distributor would pay you (usually, you'd get your portion of a sale between 60 to 90 days after the bookstore's customer bought the book). Assuming the book was a success and sold 7,500 copies, you'd be paid a total of $57,575 – a gross profit of $9,575 (but you'd still have to pay for the return and disposition of 12,500 unsold books).

Before the age of digital press and print-on-demand, and before on-line booksellers were commonplace, this traditional approach was the *only* way for a self-publishing author to sell books in the retail market. It still works – if you have the money to invest up-front in a large offset print run, and if you can afford to put that amount of money at risk (because a lot of things can go still go wrong).

The second way to reach bookstore shelves (maybe) is through the distribution programs offered by various book printers, print-on-demand services, author cooperatives, and catalog/listing services. Although the terms and conditions vary, the typical deal involves the service provider making the book available to wholesale buyers and retail booksellers everywhere, for which the author/self-publisher agrees to pay a modest set-up fee ($50 to $100) and to give up a sizable percentage of the book's list price. How "sizable" is that percentage? For the 346-page book described in Beacon #4, the Expanded Distribution Channel (EDC) program offered by CreateSpace would require the author to give up $13.37 of the $13.95 list price (96 percent!), which would cover CreateSpace's cost to print and distribute the book on demand, and allow the participating wholesalers and retailers to get the profit margin they expect. The author would make only $0.58 (4 percent) on each sale. That's because it costs more to print books one at a time, on-demand, than it does to print them in large quantities – a LOT more.

It's also essential to understand the second sentence in the paragraph above, specifically the part about the service provider making the book *available*. That means a retail bookstore *can* order the book through its normal distribution channel, but that doesn't necessarily mean it *will*. A large bookstore has space for about 80,000 titles in 50 different sections (or shelving categories). A significant percentage of their stock is made up of "established" titles (books that continue to sell year after year). So in a typical week, a store manager may add only 400 new releases (to replace non-sellers that are being removed from the shelves and returned). At least 100 of those new releases will be selections that are already pre-release successes, and for which customers are eagerly awaiting the "street date" so they can buy their copies. That leaves about 300 spots. With 10,000 new books coming out each week, about 900 of which are being actively pitched and promoted by a major publisher or distributor rep, you can see the challenge. Unless the self-publishing author has been aggressively marketing the book to the retail supply chain in advance (which costs money, of course), store managers will never even know it exists.

Another problem with using print-on-demand books to feed bookstore and library wholesalers is quality. If the self-publishing author does everything right when preparing the print-ready PDF file, CreateSpace will produce an excellent quality paperback (at a very reasonable price) for direct-to-consumer sales. In fact, you can place a brand new print-on-demand paperback next to a mainstream trade paperback and very few "regular" people will be able to tell the difference in quality. In other words, customers who buy your print-on-demand book from you or from an on-line seller like Amazon.com will be totally satisfied. However, the paper, binding, cover, and laminate used to produce print-on-demand books does not stand up well to the constant handling and environmental changes a book experiences in a retail bookstore or lending library setting – so wholesalers, retailers, and librarians (who *can* tell the difference) are often reluctant to accept them.

If you are self-publishing a highly specialized "niche" product, you do have one advantage when it comes to placing your print-on-demand book in retail stores – you can overcome the "profit squeeze" by increasing the cover price. For instance, a 346-page software technical manual may easily fetch a $35 cover price, so instead of making $0.58 on each a bookstore sale, the author can make $14.25 or more (because it costs the same to manufacture and distribute that book as it does a 346-page novel that could not be priced above $15). In addition, books that appeal to a narrow audience may receive less "abuse" than a mainstream title. So distribution programs may provide a viable path to some bookstore shelves for certain non-fiction and niche publications.

Bottom line, the $13.95 book in our example would have to sell nearly 16,000 copies in bookstores for the author to make as much money as he/she would by selling 1,200 copies directly (as described in the Beacon #4 self-publishing scenario). Consequently, wise self-publishers concentrate their early marketing efforts on the potential buyers they know, and on the people they know (i.e., one or two degrees of separation) in order to build momentum for a new release. After all, if we can't compel those folks to buy our books, how can we ever hope to persuade total strangers? If and when this initial momentum creates buyer demand for a book that's beyond the self-publisher's reach, then other solutions can be examined (it's easier to *supply* a book to retailers if a strong *demand* for it is already present – trying to push supply at them before there is any marketplace demand is rarely effective).