

The Author's ADVOCATE



Special Newsletter

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Published for the authors and associates of Infinity Publishing

Distributors and Mass Merchandisers Amazon's Kindle E-Book Reader Turns Up the Heat

Perhaps the most common remark I've heard from newly published authors is their wish that they could get their book onto the shelves of all the bookstores, because they just know that once it's on the shelf, their books would instantly become bestsellers. Wide distribution of a book by an unknown author published by a small publisher – although Infinity Publishing has over 4,500 titles available for sale, we are still considered small – isn't going to happen. The Big Five publishing giants have a bought and paid-for lock on the national bookstore chains, secured by sweetheart deals enhanced with their A-list titles. We are grateful that their lock doesn't extend to the many independent bookstores across the nation that order Infinity books in increasing numbers. We also appreciate the recent changes in the chains' corporate policies that allow their bookstore managers to stock books of regional interest or those by local authors.

The second most common wish expressed by authors is the desire to have their books sold by the mass merchandisers like Wal-Mart, Kmart, Kohl's, Target, CVS, and major supermarket chains, as well as in airport bookstores. This ain't gonna happen for one primary reason – distributors. Book distributors select the books – subject to a chain's corporate buyer's approval – from publishers they represent that will most likely sell well through these national retail outlets. Distributors control all aspects of these sales from book selections, discounted pricing, and returns; if a selected book doesn't sell according to the projected numbers, the book is soon pulled from the in-store displays. Some mass merchandisers lease store space to book distributors at a fixed rate that guarantees a profit from the book section; the merchandisers then take a percentage of book sales for servicing the individual customer sales. Although mass merchandisers set specific requirements for the books sold through their stores, the book distributor is responsible for the book section producing a profit from these pick-up-and-buy-now books.

Discounted mass market paperbacks by famous and well-known authors are the main attraction, with some more upscale stores offering a selection of trade paperbacks with regional appeal. Readers know that the bestseller in hardcover will be available in six months or less as a much cheaper paperback at Target. For the discounted consumer sale price to work, the distributor must buy guaranteed returnable books from the publisher at an obscenely ultra-ultra-deep discount of 60 to 80 percent off the cover price. The industry norm is 70 percent, with a fixed advertising allowance that is not adjusted with return credits.

Mass market paperback publishers work with a very narrow profit margin; the lion's share goes to the distributor and the mass merchandisers. The printing costs are lower because the press run is on a huge web-fed offset press – producing a massive number of books radically reduces the unit cost. The mass-market paperback reprint is printed in the millions, determined by hardcover sales. The cost of sending back returns is reduced because only the back cover is stripped off to be returned to the publisher for full credit. The guts of the book are usually recycled back into pulp to be made into paper that perhaps becomes the pages of another paperback novel – more pulp fiction. This is how part of the publishing industry is involved in the greening of America – recycling the consumer's folding green while saving a tree.

Although distributors handle trade paperbacks, Infinity Publishing cannot commit to the terms and conditions required by many of the distributors. The cost of producing our higher quality trade paperbacks makes it impossible to allow for a 60 to 80 percent discount and an advertising allowance. The author's royalty, based on the selling price of 70 percent off cover, would be greatly diminished along with the publisher's profit. The distributor usually requires the exclusive right to represent and sell the book – this usually includes all

sales by the author and the publisher. As a result of recent lawsuits, distributors require certification that all facts and instructions in non-fiction books have been verified as true and correct. The publisher and author are expected to assume all legal responsibilities arising from incorrect and or misleading information, while the distributor is held-harmless. Their terms of payment are usually 120 to 180 days from the invoice date. All things considered, selling Infinity-published books through a distributor for resale to mass merchandisers would be more costly than the potential return.

Change is happening in the book industry as more distributors open in-house publishing divisions to produce commissioned books they know will sell well in the mass merchandising marketplace because they have complete records of what has sold before. They are following the publishing style of Ben Franklin by controlling the content, book production, and guaranteed avenues of distribution. Perhaps their quest for content will cause distributors to amend their terms and conditions to give due consideration to publishers of great trade books already enjoying exceptional sales.

Amazon is a hugely influential factor in changing book-buying habits and distribution trends. Whereas distributors won't deal with individual authors or small publishers, Amazon welcomes all authors and publishers as long as their books have ISBNs. This open access allows all books to be listed and stocked by Amazon, and is how they have become the world's largest bookseller. In mid-November of 2007, Amazon.com dazzled the publishing industry by rolling out the highly acclaimed Kindle, their new wireless e-book reader, which can download any digitized book directly from Amazon.com anywhere in the world via the high-speed network used by advanced cell phones. The handheld Kindle debuted with over 88,000 deeply discounted bestsellers available for instant download from Amazon.com. One can only wonder what impact this reader-friendly device will have on the future demands for mass-market paperbacks and hardcover books.

Consumers' book-buying dollars move through Amazon.com at lightning speed – free of middle meddling markups and contrived discounts – and the exchange is made directly with the end user. Instead of saving a tree, the “electronic paper” of the Kindle preserves an entire forest. The forest hasn't been leveled, but the marketplace for authors' books is leveling out to be the vast wireless world of free enterprise. The retailing dynamics of Amazon.com have brought an entirely new dimension to mass marketing that's free of gatekeepers. Virtually any book listed on Amazon.com has the potential to sell in significant numbers based solely on

the merits of the book and posted reader reviews, which help to generate the book buzz that sells books.

The downside of the Kindle is the hefty \$399 retail price, which isn't very reader friendly – the Sony Reader with fewer features retails at \$299. A hardcover novel on the *New York Times* Best Seller List priced at \$29.95 can be downloaded from Amazon.com onto the Kindle for a mere \$9.99 – about the same cost as an undiscounted mass-market paperback. Another detriment is that there's no way to share an e-book saved on your reader with a friend; the pass-along aspect of a printed book is a major benefit for many readers that isn't possible with most e-books. It appears, however, that the royalties paid to authors by Amazon.com are about 30 to 35 percent of the \$9.99 Kindle download. Uniform pricing prevails, and all accounts are settled in approximately 60 days with no returns to contend with. What remains to be seen is what compensation, if any, Amazon.com will pay to the publisher that originally published the print edition of the book.

The winds of change are blowing upon the publishing industry. The one key question that remains is whether the owner of a digital book's content has more control over what is done with his or her book. It will be interesting to see what impact Kindle e-book readers will do to the exclusive rights demanded by distributors, especially since Amazon.com has more clout in the publishing industry than Sony. One thing is certain: we are publishing during a most interesting time, and changes that benefit authors are happening.

Free Book with Every 10 Books Ordered

Don't be caught short of books this holiday season!!! Infinity authors will receive 1 free book for every 10 books they order between now and December 31, 2007. If you order 20 books, you'll receive 2 free books *and* Infinity pays for UPS Ground shipping. To place your 10 + 1 book order, call 1-877-BUY-BOOK (toll free) and give the promotional code A122507. Remember, Infinity authors earn a 10 percent royalty on all book purchases.

Authors' Day January 25th in San Diego

West Coast authors: Make plans now to attend Infinity's 4th annual Authors' Day, at the DoubleTree Hotel in warm and sunny San Diego, California. Visit www.AuthorsConference.com for complete details and to register.

Your publishing family at Infinity extends our best wishes for a joyful holiday season, enjoy often....John