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# Powell's success story adds a chapter

*Star among booksellers grabs 60,000 square feet for staff*

By LISA BAKER Issue date: Fri, Mar 19, 2004

*The Tribune*

**Like toes growing out of an old pair of tennis shoes, Powell's Books is expanding again.**

On the heels of opening a new warehouse in 2002, which added 60,000 square feet of book-stacking room for its online inventory, the big daddy of Portland's biblio world is moving its burgeoning Powells.com staff. Currently at Northwest 10th Avenue and Couch Street across from the company's flagship store at 1005 W. Burnside St., the employees will move to a 60,000-square-foot building at Northwest 29th Avenue and Industrial Street.

David Weich, director of development and marketing for Powell's Books, says the building takes the place of the store's 10,000-square-foot staff quarters and adds enough space to store another half-million books, bringing the company's available inventory to about 2 million books.

Weich says that while in-store sales are posting small, single-digit gains each year, Powells.com, the now 10-year-old online arm of the store, is bounding ahead in business.

In 2002, the dot-com's sales constituted about 30 percent of Powell's sales. This fiscal year, with sales already topping 2003 figures by about 15 percent, the online Powell's presence brings in 40 percent of the company's revenues.

The explosion of interest has necessitated a tripling of online operations staff in just four years. Powells.com now employs about 60 people, still tiny in comparison with the company's retail complement of about 460.

## Web 'store' on rise

The company's success comes at a time when most booksellers are holding on by their dust covers and many online ventures have torpedoed. The major online book retailers are trying to turn the page on several years of financial losses. In 2003, after \$150 million in losses the year before, Amazon.com reported that it had turned its first annual profit; Barnesandnoble.com announced the good news that its shareholder losses this year fell from 7 cents to 5 cents per share.

Powells.com's rise is a testament to paradox. The company, like its competitors Amazon and Barnes & Noble, has a broad inventory, but it doesn't market itself to everyone. Nor does it romance a particular demographic, Weich says. Instead, it targets customers ideologically, aiming at someone who'd rather feast on sociocultural critiques like "Fast Food Nation" than the latest John Grisham novel.

At the same time, Weich says, the store sells plenty of mainstream best sellers and "a tremendous volume of Christianity books. We're not here to censor. We're here to make as many books available as possible and let the reader decide."

Powell's top seller list tends to differ somewhat from the national lists, Weich says. Powell's current list features the classic children's book "Where the Wild Things Are" by Maurice Sendak, "The Complete Far Side" by Gary Larson, and Jeffrey Eugenides' "Middlesex," about a hermaphrodite and gender confusion in the 1970s.

To gain access to hungry readers, Powell's publishes modest appeals in such habitats such as The Atlantic Monthly, The Village Voice, The New Yorker, Utne Magazine, Salon.com and Mother Jones. In turn, Powells.com promotes the content of these

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The company's online sales reflect the effort, with most buyers coming from "blue" states, as they've been known since the 2000 election: those places with strong liberal roots such as the mid-Atlantic states and New England, plus the urban pockets of Michigan and Illinois. Northwest buyers constitute 15 percent of online sales.

"We don't get much from the Midwest or the Southern states," Weich says.

### **Narrow marketing wins**

For the past five years, Powell's has participated in Amazon.com's marketplace site, where its books are posted along with Amazon's. If a Powell's book is sold, Amazon receives a commission. Powell's has a similar arrangement with Canadian-based Abebooks.com, which specializes in rare, out of print and used books.

Powell's narrow marketing plan, Weich believes, has brought it greater success than the expensive, global approach of other online retailers.

John Asparro, owner of Old Friends bookstore on Southeast Milwaukie Avenue, thinks one of the reasons Powell's is booming is its side-by-side offering of new, used and antique books. The company, which includes its flagship store, Powell's City of Books, and six other bookstores, began with a \$3,000 loan to owner Michael Powell from a friend.

"Here's a stat for you," Asparro says. "Ninety-nine percent of all books are out of print. That means a new-books store is only selling 1 percent of all available books."

And, in the same vein as its competitors, Powells.com tries to be more than just an online cashier for books. The company fills its home on the Web with free reading material, such as exclusive interviews with authors, in an effort to make it more of a destination for the literary. "We don't want to be just retailers," Weich says.



### **Powell's in Portland**

Michael Powell opened his first Oregon bookstore in Northwest Portland in 1971 and merged it with his father's used-book business eight years later.

The Powell's empire now includes four regular bookstores -- Powell's City of Books, Powell's Books in Beaverton, Powell's Books on Hawthorne and Powell's Books at PDX -- and three specialty outlets -- Powell's Technical Books, Powell's Travel Store and Powell's Books for Cooks and Gardeners. The Web site [www.powells.com](http://www.powells.com) was launched in 1994.