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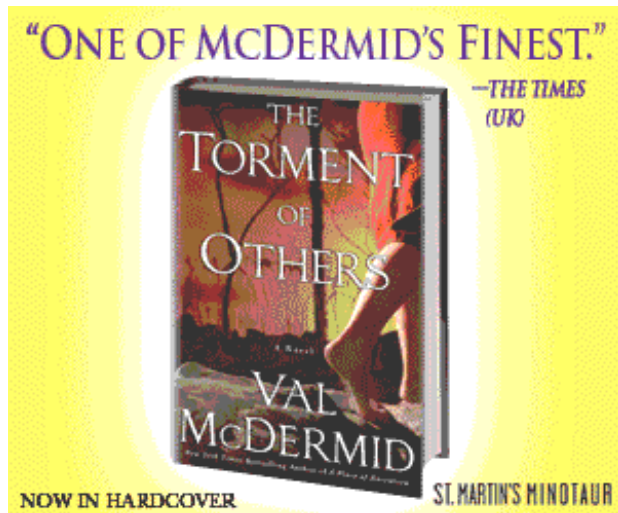
The Book Babes Feel Used: Puzzling Over a 'Conundrum' and Watching the Big Boys Squirm. See You at BookExpo.

May 27, 2005

By Margo Hammond & Ellen Heltzel

Howdy Margo,

Let the schmoozin' begin: This year's BookExpo, America's biggest book fest, starts next Thursday, June 2, and the fact that it will be held in NYC, the American publishing hub, means even more people and more partying than usual. (God must have invented the day pass for this kind of synchronicity.) And even though the convention will quite obviously focus on what new books are headed our way, the fine print indicates a few other concerns. Consider, for example, a Saturday session called "Toward Quantifying the Used-Book Conundrum." Hmm, I thought, what conundrum?



Turns out, Margo, that the book industry is bugged about the proliferation of used-book sales—bugged enough to put the topic under the microscope (via the Book Industry Study Group) and try to quantify how it's affecting new-book sales. The "conundrum" has been caused by **the glut of used-bookselling on the Internet**, which has put downward pressure on prices all through the bookselling chain.

You know the drill: Although the Internet is blamed for forcing bookstores out of

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business, for many used-booksellers, it has been a boon. Veterans of resale have closed their storefronts, and newcomers have jumped into the fray. Almost anyone can play this game, posting offerings on sites such as Amazon, where commissions run from 8 to 15%. Both Amazon and Abebooks.com, **the Canada-based seller** that has surpassed Amazon as the world's largest marketplace for books, maintain a decent feedback loop to make sure the customer doesn't get stiffed.

But the newfound Internet entrepreneurs aren't all just folks with a few books in the garage. They also include a bunch who are really serious about the business. They're the ones who can sell cheap because they keep overhead low and work in such volume that they can make small change on each book, but the total adds up.

You can see the impact for yourself. For example, I checked out Chinua Achebe's novel *Things Fall Apart* at Abebooks.com. There were more than 900 entries, including a few synopses (ah, the life of a college student: Don't read the book, just the CliffsNotes). A handful were available for a buck, but with shipping charges of \$3 and up. These books look like loss leaders; at least part of the profit appears to be in the mailing cost.

Obviously, there's nothing illegal about this. But how would you measure its impact, and do you think there's anything that writers or publishers can do about it?

I feel so used, Ellen,

But if you can't beat 'em, why not join 'em? Powell's Books, as you well know, for years has done just that, shelving used books right alongside new copies. When I first heard about this practice, I thought it made no marketing sense at all, but it seems that some folks prefer new to old and used. Price isn't always the deciding factor in book-buying.

Take first editions, for example. At the Antiquarian Book Fair held here in St. Petersburg every March, first editions—even those by contemporary authors such as John Grisham and Toni Morrison—routinely fetch prices well over their original mark-up. Sure, these books may have been bought on the used-book market, but I'll bet many of them were bought at full price by buyers who knew they would increase—not decrease—in value.

It seems to me that decrying the profits made in the used-books market is an awfully shortsighted proposition. Why stop there? Why not fret about all the books that are taken for free out of libraries? There will always be buyers who want (or need) to obtain the books they read at the lowest possible price. Others will be willing to pay higher prices for quality (the condition of the book), added value (a signature, perhaps) or convenience and speed (how easily and quickly they can get the book they want).

My concern is more for the writer than the retailer (who is free to offer used books) or the publisher (who can profit off the lure of first editions). Writers, I think, are the real financial losers in a burgeoning used-book market.

I'll be interested in hearing what the folks at BookExpo have to say about the used-book industry—particularly about the fact that on the Internet, books, used or otherwise, are seldom taxed like those sold in brick-and-mortar establishments. Some states have started to demand that the Internet retailers cough up the revenue. But it's all a work in progress and still varies from state to state.

Margo, my friend,

Now there's an issue that seems worth fighting over. The Internet sales tax is not

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just an issue that is more relevant to the larger economy, but also one that could come with an action plan. There's not much you can do about the sale of used books, except maybe count 'em—which Bookhunter Press tried to do last year. In its survey of the U.S. market, Bookhunter described a "fragmented community" of 8,000 to 10,000 used-book dealers with inventories ranging from several hundred books to 3.5 million. Gross sales in 2003 were \$769 million, with more than half taking place on-line. Abebooks sold the most, and Amazon came in second.

But Michael Powell of Powell's Books is skeptical of attempts to even quantify the business. "It's sort of like throwing sand in the air and saying, 'Quick, count the grains,'" he says, noting that the largest purveyor of used books isn't an Internet provider or Costco or Barnes & Noble—it's Goodwill. If you want to paint an accurate picture of the used-book market, you'd need to figure out how many books are sold at garage sales, and that, by anyone's measure, would be a very tough thing to do.

Powell will be sitting on the "Conundrum" panel at BookExpo as someone who has both prospered from and felt the pinch of Internet bookselling. As you point out, he pioneered the concept of selling used and new books together in a traditional retail setting. In the wake of Amazon's success, he developed a website that has grown in size and in the percentage it has contributed to his sales. But, he says, the volume sellers on the Internet are forcing prices so low that he questions whether he can compete with them on their terms. He appears to be shifting his focus away from used books and toward two things—national branding and adding value to his website. It will be a model to watch.

The bottom line is that the book business as we once knew it is gone with the wind, and adaptation is the best survival tool. If there's a conundrum in bookselling—used or otherwise—it's less over what to do about too much product than how to keep turning out books that will turn more people into readers.

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