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TURNING OLD BOOKS INTO GOLD

Victoria's Abebooks is a global success on the Net

KEN MACQUEEN

FOR \$53,760, you can own a 1951 copy of *The Catcher in the Rye*, signed by the reclusive author J.D. Salinger himself. If that seems steep, consider the asking price for 1936 galley proofs of Margaret Mitchell's *Gone With the Wind* -- yours for \$130,550. Want something more mundane? On offer among the 40 million titles at Abebooks of Victoria -- which bills itself as "the world's largest marketplace for second-hand, rare and out-of-print books" -- are 13,474 copies of Hardy Boys mysteries, a pulpy staple for generations of young readers. A well-thumbed copy of *The Tower Treasure* goes for \$1.54. But a mint first edition from 1927 could set you back \$4,320.



There's gold in old books, as any collector can tell you. The challenge was matching buyer and seller -- a quaintly inefficient process that used to involve praying for the right customer to walk into the shop, and extensive advertising in trade publications and book catalogues. No more. In six years Abebooks has built itself into a world power by turning the Internet into a global book bazaar. Some one million customers have used Abebooks, annually spending \$75 million to \$100 million. Computers have

yet to kill the printed word, but they've profoundly changed how those words are sold.

For founder Keith Waters, the "great ah-ha" came in 1995, as the B.C. government systems analyst endured a mind-numbing briefing about a computer project. He tuned out the meeting to dwell on a problem that offended his programmer's sensibilities: the inefficient scavenger hunt his wife Cathy faced finding out-of-print titles for customers at her suburban Victoria used-book store. "Bang, it just went off in my head," says Waters. Why not use the Net to list, search and sell used books on-line? "I remember thinking, this is a really good idea, I'm never going to forget this moment, and it's going to change everything." By 1996, Waters and partner Rick Pura had transformed Waters' notebook doodle into Advanced Book Exchange, now known as Abebooks. It is that rarest of beasts, a Canadian-based, consistently profitable dot-com.

Type www.abebooks.com into a computer and a virtual door opens into the shops of 10,000 dealers from 42 countries selling more than 40 million titles. Its search engine is addictive. There's BookSleuth, where fellow readers will divine a forgotten title from your e-mailed clues. Or you can browse -- and dream. Wouldn't a set of Charles Dickens first editions look fine in the study, should some benefactor have a spare \$132,100, plus shipping from Los Angeles?

Open the door to Abebooks headquarters in a Victoria office park, by contrast, and the old saw about not judging books by their covers rings true. There's none of the musty charm, creaking floors and sway-backed shelves of a used-book shop. Abebooks, in fact, doesn't have many books at all. Instead, there's an array of computer hardware, nests of cubicles and a boisterous crew of twentysomething techies, Webheads and bibliophiles. The decor, just this side of sterile, is warmed by staffers' landscape photographs, and by graphs in the lobby showing an exponential upward climb in sales.

Brent James, the 45-year-old CEO, is found in a second-floor cubicle, having surrendered his office to squeeze in three new staff members. "That's progress," he says. James, an MIT business graduate who has managed such B.C. tech successes as Mobile Data Solutions Inc., joined Abebooks in January 2000. At the time, the company already had a stable of more than 5,000 booksellers. "I was blown away by the success this little company had achieved -- and had the potential to achieve," James says.

Used-book selling is a precarious enterprise, but the company has a business model that eliminates the riskiest and most expensive part: the books themselves. It carries no inventory, unlike other retail and Internet giants like Indigo Books & Music or Amazon.com. Instead, it matches buyers with sellers -- much like eBay, the virtual auction house. It collects a listing fee from its sellers -- between US\$25 and US\$300 depending on the number of titles -- and takes a five-per-cent cut of the sale price. In exchange, the company provides sellers with free software to inventory and list their stock, and offers tech and other support. It has also struck deals allowing the option of selling on the Amazon and Barnes & Noble Web sites, though some independent dealers consider that a pact with the devil.

James operates with a bookseller's frugality, despite revenue growth of 40 to 50 per cent annually. Abebooks remains a private company, majority-owned by employees. It has never sought venture capital to finance its

growth. It runs with a lean staff of about 90 -- 15 of them operating from Germany after the company bought rival JustBooks a year ago. While the German staff were flown to Victoria in December for a Christmas gathering, they were billeted with local staff. "We never got caught up in the dot-com craze," says James. "We're profitable, but we're profitable because we've been cautious in our business model."

That model has had a profound impact on the industry. Among Abebook's first customers was Wells Books of Victoria, one of the city's most established used and antiquarian dealers. Part-owner Jeri Bass is sitting in a Wells back office so gloriously cluttered with books there is barely room to open her laptop, a tool she concedes is now essential. Wells had just established its own Internet site when Abebooks came calling in 1996. "But no one was going to our home page," Bass says. "We were just this little store in this little town, right?"

The Internet now accounts for about 20 per cent of the store's sales, mostly through the reach of Abebooks. Foreign-language titles that might never sell in Victoria have gone to customers half a world away. Automotive books that languished in the basement also found buyers. Bass is aglow this afternoon. She's acquired a 1,000-volume collection of books dealing entirely with gypsy themes. It's almost too good to offer on the Internet, she says. It's the kind of magnet that can draw walk-in customers to the store.

For better or worse, though, Abebooks has freed some sellers from the need for a storefront presence. About two-thirds of its dealers have home-based collections. John and Susan West closed their Titles Bookshop in Belleville, Ont., this year after signing on with Abebooks. As much as they enjoyed their shop, with its 40,000 titles, the business changed drastically in 15 years. The walk-in trade among serious buyers dropped sharply, says John. "The reason, quite simply, was because people were doing their shopping on-line." The Wests now operate from their home in nearby Picton, not that the location is relevant. About 75 per cent of their Internet sales are to the U.S. Obscure books are no longer a dusty liability. A tome from the 1800s on trotting-horse track records in the U.S. found a buyer -- in Finland. When the world is your market, says West, "the more specialized, the better."

There are things computers can't replicate: the purr of a bookstore cat, the heft of a volume, the thrill of an unexpected find, the whiff of mildew and age, as though the books themselves are breathing. John West isn't one to blame Abebooks for the disappearance of such shops. "They're not a cause," he says, "they're a symptom, I suppose, of the way people like to shop these days." The method of sale may change, he says, "but books are here forever."

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