Book Distribution and Marketing in the United States: A Review Article

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Book Distribution and Marketing, 1976–1980. By BENJAMIN M. COMPAINE. KIP Studies. White Plains, N.Y.: Knowledge Industry Publications, 1976. Pp. vi + 207. $450.00 (paper).

From the time of Mathew Carey to the present, distribution has been the central dilemma of the American book industry. Things are not as bad today as they were at the end of the eighteenth century, when Carey virtually had to create his own machinery to distribute the books he printed and published.[1] But things are not very good, either. O. H. Cheney, in the most thorough study of American book-trade economics ever undertaken, called distribution "the tragedy of the book industry."[2] Since Cheney wrote—now nearly fifty years ago—patterns of book distribution have changed radically. In 1931, book clubs had been on the scene for just five years, and the paperback revolution lay in the future. Yet the fundamental problems which Cheney identified remain largely unchanged. As the executive director of the American Booksellers Association acknowledged recently, "The major problem facing the book industry continues to be distribution."[3]

It is in homage to the Cheney report and in recognition of the persistence of these fundamental problems that Benjamin M. Compaine begins his introduction to *Book Distribution and Marketing, 1976–1980*, with the words "This report was written 45 years ago under a different name" (p. 4). In fact, Compaine's study is not fully comparable to the Cheney report. Cheney's investigation was sponsored and financed by a coalition of professional and trade organizations representing publishers, booksellers, bookbinders, librarians, authors, and educators. Compaine's study has been sponsored and financed by a private firm, Knowledge Industry Publications. Cheney studied the book industry as a whole. Compaine concentrates on distribution and marketing. Because Cheney had the cooperation of individual firms in the various branches of the book industry, he was able to present a portrait of the industry based in part on new statistical data gathered specifically for his

1. See Chester T. Hallenbeck, "Book-Trade Publicity before 1800," *Papers of the Bibliographical Society of America* 32 (1938): 47–56.
2. O. H. Cheney, *Economic Survey of the Book Industry, 1930–1931* (New York: National Association of Book Publishers, 1931; reprint ed., R. R. Bowker Co., 1960), p. 224.
3. "Interview with Roysce Smith," *Publishers Weekly* (July 9, 1973), p. 33.

study. Most of Compaine's statistics are not new but come from book-trade publications, census reports, and the Association of American Publishers. The authority and depth that distinguished the Cheney report are missing from Compaine's study, as are the incisiveness of Cheney's analysis and Cheney's not inconsiderable wit. This is not meant to reflect poorly on Compaine. He is thorough, sensible, and up to date, and he has brought together information that was either widely scattered or not generally available at all. *Book Distribution and Marketing, 1976–1980*, is an unusually valuable document, and it provides the first general study of its subject since the Cheney report.

Compaine begins with 2 general chapters on the structure of the book industry and the size and growth trends of book publishing. He then turns to individual (as opposed to institutional) book buyers, asking who buys books, where, and why. Next are 4 chapters on distribution channels. The first of these deals with trade books and considers the retailer, the role of the wholesaler, discounts, and returns; the other 3 deal with mass-market paperbacks, book clubs and mail-order publications, and libraries. These are followed by chapters on retail bookselling; promotion, advertising, and market research; educational markets for general books; and expanding outlets and formats. The study concludes with profiles (each 1–1½ pages in length) of fourteen selected companies representing different types of publishing and book-distribution firms. Throughout, Compaine focuses primarily on the distribution and marketing of general books. He is not concerned with university press or professional books carrying a short discount, subscription reference books, or textbooks, each of which involves a distinct set of distribution and marketing problems.

It is fitting that book buyers should receive attention near the beginning of the study. The interests and characteristics of consumers—even whether consumers interested in the product being distributed exist at all—are clearly issues that are central to any discussion of distribution. Cheney, in his chapter on the consumer, was mainly concerned with those who do not buy books. Comparing book sales by state with indices of each state's relative cultural and economic level, he concluded that in most states book sales fell far below their potential. He then sought to explain this low level of book buying. Compaine devotes his attention to the characteristics of those who do buy books. His data are derived from a survey conducted in April 1975 of seventy-five people observed actually buying books at five randomly selected general bookstores in the Philadelphia metropolitan area.

The findings of this survey constitute the major original contribution of Compaine's study. They tell us nothing, of course, about those who buy books from distribution channels other than bookstores. We are not told where in the Philadelphia metropolitan area the five stores were located (although at least one seems to have been in a suburban mall and at least one in a downtown location). There is an inherent bias in favor of regular book buyers, since on any given day the chances of interviewing customers who come to a store regularly are greater than those of interviewing customers who only come occasionally; moreover, the survey does not take into account the book buyers (whose characteristics may be quite different) who flock into the stores in November and December, when many bookstores do a third or more of their annual sales. Those interviewed were asked about their book purchases from all types of retail outlets during the previous six months, and one wonders how accurate their memories were. In spite of questions such as these about the survey, the findings are of interest. Since *Book Distribution and Marketing, 1976–1980,* is unlikely to be widely available to the academic community on account of its price, it will perhaps be useful to indicate here some of Compaine's most interesting findings.

As in previous surveys, bookstore customers tended to be better educated and more affluent than the population as a whole (in this case, the population of the Philadelphia Standard Metropolitan Statistical Area). It is no surprise, either, to find that 10 percent of the book buyers accounted for 46 percent of the total number of books claimed to have been purchased in the previous six months. In a more extensive survey undertaken in 1963–64, with which Compaine compares his findings, 9 percent of the book buyers accounted for 54 percent of the books bought.[4] The reasons given for buying the books purchased during the previous six months were personal interest, 64.4 percent; business or work, 13.5 percent; formal educational requirements, 11.9 percent; gift, 8.0 percent (this is perhaps surprising, in that the six-month period included the Christmas season); and other reasons or "no response," 2.1 percent. In response to a question about the most important sources of learning about the books purchased on the day of the survey, browsing was indicated as the most important source for 47 percent of the books; recommendations by friends, associates, or relatives for 21 percent; book reviews for 11 percent; another's request for 6 percent; advertisements for 4 percent; recommendations by sales help for 2 percent; and other sources for 9 percent. Respondents were also asked why they patronized the bookstore in which they were interviewed. For 43 percent of the sample, selection of books available was the most important factor; 24 percent indicated that the most important factor was the store's convenience to their work; this was followed by convenience to home for 16 percent, services offered for 8 percent, price of the books for 3 percent, and other factors for 7 percent.

The most significant change since the 1963–64 survey is that 80.8 percent of the books claimed to have been purchased in the previous six months were paperbacks. In the earlier survey, only 49 percent of books purchased were paperbacks. Compaine's finding appears to be remarkably accurate. According to figures on 1975 U.S. domestic book sales reported recently by John

4. Richard H. Brown, "Book Buying: Who? What? Where? When? Why?" *Publishers Weekly* (May 11, 1964), pp. 16–19.

Dessauer, paperbacks accounted for 82 percent of the books sold in 1975 by general retailers (bookstores, specialty stores, mass-market outlets, and all other retail facilities carrying books except college stores); sales by general retailers in terms of estimated consumer expenditures were split nearly 50-50 between hardcover books and paperbacks.[5]

One fundamental problem of book distribution is that the number of products to be distributed is very large. More than 425,000 books are in print in the United States. About 30,000 new titles and 10,000 new editions are currently added each year, while only 15,000 titles go out of print. Another problem inherent in book distribution is that the audience for most of these titles is quite small and scattered thinly over a vast geographical area. Getting the books from their publishers into the hands of all those who would be interested in them is a challenge of enormous proportions to the book industry's distribution machinery.

Cheney found the lack of bookstores to be one of the greatest barriers to effective book distribution. In 1930–31, according to the Cheney report, two-thirds of the counties in the United States and nearly one-half of the urban areas of 5,000–100,000 population were "without a book outlet worthy of the name." Over 33 million people (out of a population of 122,775,000) lacked access to "an adequate book outlet."[6] During the past twenty years, the number of bookstores in the United States has increased dramatically. William S. Lofquist has documented bookstore expansion between 1958 and 1967 in terms of number of establishments, sales, employment, and payroll.[7] Between 1971 and 1975, the number of general bookstores (those carrying hardbound trade books) in the United States increased from 2,468 to 3,498 (a 41.7 percent increase), while the number of retail book outlets of all kinds increased from 10,742 to 11,725.

Compaine brings together statistics from book-trade sources and data from the 1972 *Census of Retail Outlets* to provide a clear overview of the current economic state of American bookselling. His own viewpoint is strictly that of an economist interested in efficiency and maximization of sales. He writes that "book selling is not a profession. It is a business, a retail business, with many of the same characteristics of any other retail operation. It has its unique problems, many of them stemming from the vast quantities of product with which stores must deal. As a retail business with a distinctive perfume, book selling has attracted a certain type of entrepreneur, one who may love his work, but who in the aggregate does not maximize the sale of books" (p.

5. John P. Dessauer, "U.S. Book Markets: Where They Have Been, Where They Are Going," *Publishers Weekly* (July 26, 1976), pp. 39–44, 49.
6. Cheney, p. 278.
7. William S. Lofquist, "Growth of U.S. Bookstores Spurs Publishers' Sales," *Printing and Publishing* 12, no. 1 (January 1971): 8–11; and "The Growth of Regional Book Markets," ibid., 12, no. 2 (April 1971): 4–7.

130). He tends to be somewhat contemptuous of the small "Mom and Pop" operations that dominate bookselling and is greatly encouraged by the success of the bookstore chains. Information about the chains is not readily available elsewhere, and what Compaine has to say about them is particularly useful and illuminating.

The two major national chains are the Walden Book Company and B. Dalton Booksellers. In 1975, according to Compaine, Walden had 385 stores and B. Dalton had 206. Both chains are opening stores at a rapid rate (Walden expected to open about 45 in 1976); together they are responsible for a significant part of the increase in the number of American bookstores. According to Compaine's estimates, Walden and B. Dalton between them accounted for 15.5 percent of total bookstore dollar sales in 1975.

Few of the chain stores rank among the great bookstores of the world. The heart of the dedicated book lover or scholar is not likely to beat faster within their walls. But their role in American book distribution is of great importance. The chains help to alleviate the shortage of bookstores, though the problem remains serious and cannot be remedied by the chains alone. Equally important, their growth has been concentrated in the Midwest, Southwest, and South, where the shortage of bookstores has been most pronounced; and they tend to locate in the smaller cities and in suburban malls. These are markets with large concentrations of potential book buyers, many of whom previously lacked convenient access to a general bookstore. The chains advertise heavily to attract customers who are new to bookstores.

Good as it is to have bookstores where none existed before, it is better still if the quality of the new bookstores is high. Here the record of the chains appears to be mixed. According to Compaine, the average B. Dalton store carries 30,000 titles and will handle special orders for books not in stock. This is respectable. On the other hand, Compaine indicates that the average Walden store carries only 8,000 titles and does not accept special orders. This is extremely poor. However, Compaine tells us that the Walden management is trying to expand the selection at its stores; and a telephone survey of the three Walden stores in the Chicago suburbs indicated that they, at least, do accept special orders.

A serious failing of the American book industry has been the weakness of the machinery for getting books from the publisher to the retailer. The position of the wholesaler has never been strong, and booksellers have tended to deal with publishers directly. This has involved both booksellers and publishers in a multiplicity of small transactions. These dealings are not simplified by the fact that publishers' policies on such matters as discounts and the return of unsold books for credit vary from publisher to publisher and sometimes seem to be of labyrinthine complexity, even within a single publisher's list.

Cheney outlined the important role that wholesalers could play in book distribution and recommended that the position of the wholesaler be strengthened.[8] This did not occur. In the years that followed, jobbers[9] turned their attention more and more to the library market until their role vis-à-vis booksellers became almost negligible. Joseph A. Duffy, then executive director of the American Booksellers Association, reported in 1960 that 80 percent of jobbers' business was with libraries and only 20 percent was with bookstores, whereas twenty years before the ratio had been reversed.[10]

Compaine believes that booksellers deal directly with publishers mainly because they enjoy having personal contact with publishers' sales representatives (pp. 44, 54, 171). I question this. In my experience, when booksellers talk about their dealings with publishers, they do not dwell on the pleasures of the relationship; they talk about slow deliveries, inaccurate billings, orders filled incorrectly or not at all, and other frustrations. The reason they have continued to deal directly with publishers is that dealing through wholesalers has been worse. Not even wholesalers can stock all of the books in print. In the past, booksellers had no way of knowing which books ordered from a jobber would actually be supplied. This uncertainty was a major reason for putting up with the headaches and inefficiencies involved in dealing directly with publishers.

It now appears that the book industry may at last be on the verge of developing a viable wholesaling system. In the early 1970s, the Ingram Book Company, then a small regional jobber in Nashville, began to maintain accurate daily records of its stock by means of computerized inventory control and, equally important, to provide subscribing retailers with weekly summaries of this information on microfiche. This service indicates the quantities of each title which Ingram has on hand and on order and also provides the retailer with useful marketing information about new, forthcoming, and currently popular books. On the basis of this service, Ingram has become the fastest-growing jobber in the country. Compaine considers its success enormously encouraging and describes the Ingram operation in detail. Since he wrote, Baker & Taylor, the nation's oldest and largest library jobber, has reentered the retail jobbing field with a service similar to Ingram's.[11]

Special orders by booksellers for single copies continue to be a problem.

8. For wholesaling in the early 1930s, Cheney should be supplemented by Coburn T. Wheeler, "The Position of the Wholesaler in the Book Trade," *Harvard Business Review* 11 (1933): 237–43.
9. The terms "wholesaler" and "jobber" tend to be used interchangeably. Compaine provides (but does not observe) a distinction between them: "Those who sell on a national or regional basis, relying on common carriers to ship their orders, are most frequently labeled jobbers. More local operations, generally supplying clients from their own trucks, are wholesalers, for those who cling to these distinctions" (p. 12).
10. *Bookseller* (September 24, 1960), p. 1378.
11. See "Baker & Taylor Gets Ready to Quick-Ship from Vast Inventory to Booksellers Nationwide," *Publishers Weekly* (December 1, 1975), pp. 56–57; and "Baker & Taylor's Microfiche Programs to Be Launched at ABA Convention," ibid. (May 24, 1976), pp. 49–50.

According to Compaine, jobbers are useful primarily for the 20 percent of titles that account for 80 percent of sales. Special orders are often for specialized or technical titles that jobbers do not stock regularly. Most of these orders have to be made to publishers directly. They are generally unprofitable for booksellers and publishers alike. Yet if bookstores are to serve as effective distribution channels for more than a fraction of the books in print, special orders are essential. A promising solution to the special-order problem appeared early in 1973 in the form of Bookamatic, a clearinghouse that accepted single-copy orders from booksellers, sorted them by publisher, provided publishers with shipping documents so that books could be shipped directly to the stores, and then sent each bookstore a consolidated monthly invoice. Bookamatic failed in 1974. However, it had begun to show that single-copy orders handled in this way could be profitable to booksellers. Compaine describes Bookamatic's achievements and problems and suggests that its near success may indicate potential for the successful operation of a similar venture in the future. He notes that Baker & Taylor has the resources to provide a similar special-order service. In conjunction with its recent return to the retail jobbing field, Baker & Taylor has in fact taken some steps in this direction.

The major commercial channels for distributing general books outside the network of bookstores are paperback bookstalls in mass-market outlets, book clubs, and publishers who issue books intended primarily for distribution by direct mail. These distribution channels reach far more consumers than do bookstores and serve consumers in virtually every community. Mass-market paperbacks are available at between 60,000 and 80,000 outlets in the United States. An estimated 6.5–7 million people, almost 6 percent of the 1973 population twenty-one years of age or older, are members of book clubs. The leading mail-order publisher, Time-Life Books, has sold 200 million books since 1961. Together these distribution channels account for nearly 25 percent of the book industry's total dollar sales. They are clearly of great importance both to consumers and the book industry. However, they are capable of distributing only a small fraction of the titles in print. They supplement but cannot replace a healthy bookstore network.

Compaine provides valuable information about the economics of these three distribution channels. The major problem of the mass-market paperback industry is the staggering rate of returns. In 1974, returns averaged 45.7 percent of books shipped, ranging from 32.4 percent for Bantam to 78.3 percent for Curtis. Much of what Compaine has to say about mass-market paperbacks has since become available in Smith.[12] Compaine's account of book-club economics is the best I have seen. Here the big problem is member-

12. Roger H. Smith, *Paperback Parnassus: The Birth, the Development, the Pending Crisis of the Modern American Paperbound Book* (Boulder, Colo.: Westview Press, 1976).

ship turnover. According to Compaine, the Book-of-the-Month Club (BOMC) replaces, on the average, 40 percent of its members each year and must acquire 500,000 new members annually just to stay even. He discusses book-club advertising strategies and the problem of attracting members who will remain in a club beyond the first year. He notes that a typical book club, after deducting the costs of acquiring a new member (about $12) and of the introductory books, is likely to earn only a small gross profit during the member's first year; but in the second year, if the member stays in and buys 3 books for a total of $24, the club will earn a gross profit of $18.30. He notes that "BOMC dividend books are priced to cover manufacturing costs and royalties, so the regular selections must carry all of the overhead" (p. 97).

In his chapter on promotion, advertising, and market research, Compaine discusses both the ways in which the book industry informs its present consumers about books likely to be of interest to them and the need for the book industry to broaden its consumer base. What he has to say about market research and television advertising is particularly interesting. Market research is undertaken primarily by mail-order publishers and appears to have some potential for categories of books such as cookbooks and craft and hobby books. The expenditures of the book industry on television advertising, while still small, have risen considerably in recent years. The results, judging from the examples of specific television campaigns that Compaine describes, have been mixed. Compaine's tendency to applaud whatever evidence he finds of the intrusion of modern business practices into the book industry leads him to attach greater importance to advertising and market research than perhaps is justified. It is interesting that in this section he does not refer to his survey of book buyers, which indicated that advertising is one of the least used sources for learning about books. However, it is possible that advertising and market research have greater potential for attracting the new book buyers who, Compaine believes, hold the key to the book industry's future prosperity.

Statistics on the American book industry have always been in short supply. The great merit of Compaine's study is that it brings together the existing statistical information on book distribution and marketing and provides a lucid and informed account of current problems and developments. A few errors are inevitable in a work of this sort. In a spot check of Compaine's tables against the originals, I found several data that had been transcribed incorrectly or transposed. The bibliographical footnotes also contain a number of mistakes. The errors I found were relatively minor; but the ease with which I found them suggests that the study was checked and proofread less carefully than it should have been.

Knowledge Industry Publications, having financed Compaine's study, has chosen to market it primarily to book-industry firms. The high selling price of the study represents an attempt to share the cost of its compilation among those who may find its contents commercially useful. This is perfectly legitimate; but it places the study beyond the reach of most libraries and the general public. This is unfortunate. The distribution and marketing of books is a subject of general importance. Compaine's study belongs on library shelves beside the Cheney report. It deserves the attention of anyone interested in the distribution of knowledge and culture in the United States. It is essential reading for anyone who teaches a course about modern publishing and should be available and recommended strongly to students taking such courses. It is to be hoped that Knowledge Industry Publications will find a way to distribute Compaine's study to the broader audience it deserves.