Economics of the current state of Bookstores

First here is a quick background on Economics for those of us not familiar with the details of the subject. For this project we focused mainly on the supply and demand relationship. Supply is how much of a certain item is available. Demand is how much of that item is demanded by the public. Where these two lines meet is the equilibrium. These two items are connected in that when one changes the other changes. For example:

If Demand Increases: price increases, quantity increases.

If Demand Decreases: price decreases, quantity decreases.

If Supply Increases: price decreases, quantity increases.

If Supply Decreases: price increases, quantity decreases.

For more information and a further background on supply and demand, visit: <http://www.worldscibooks.com/etextbook/6794/6794_chap02.pdf>

Steven Lehigh, an Economics professor at College of San Mateo, explained some of the possible reasons for bookstores going out of business. The first of which is the substitution of e-books for hard copy books. As the demand for hard copy books decrease, the prices of the books start to decrease. Bookstores which were already down to their bare minimums will be forced to shut down because the same number of sales will no longer cover the expenses of the store.

Another contributing factor to the decline for small bookstores is costs for operation. Local bookstores have more expenses, like the cost of shipping the books from the publishers, handling expenses, rent, utility, employees, merchandising costs, ; whereas, Online stores incur very low expenses because they are able to house books in a warehouse anywhere in the world and do not have to worry about merchandising costs and high rent for profitable locations.

As profits from books decrease as the demand decreases, large retailers are being affected, but their profits were high enough before that the fluctuation in the market does not put them out of business. In the case of the small bookstore, however, their profits were low enough to start that when the market shifted, some stores had to close and others became in high risk to close. The large stores also curbed their losses in the hard-copy market by supplementing their profits with a shift into the e-book market.

Our research:

With our research in economics as our foundation, we set out to ask the bookstores what it looked like from their perspective. Over the span of a few months our chapter formed a survey and set out to visit local stores for their opinions on the “bookstore crisis” and closures of many stores. Stores in various locations in the San Francisco Bay Area were interviewed, resulting in a fairly unanimous response that the current state of the economy was causing problems for stores. Many stores admitted that Amazon and other large retailers stood as their biggest competitors and that they are able to survive by finding a place in a niche market, like foreign language, religious, antique, or specialty books.

What can you do?

If you search the decline of bookstores online many people are trying to start the conversation through blogs and articles, but only if the average person joins the fight will we be able to make a difference. There are many simple things that if everyone were to do every now and then, we as a population can turn around the imminent closure of all local book stores.

**Marc Lamont Hill stated, “I must begrudgingly concede that the traditional bookstore model has become economically unsustainable. Its death, while tragic, is unavoidable.” (http://articles.philly.com/2011-09-28/news/30213151\_1\_books-matter-bookstores-borders)**

**People say that the concept of bookstores is obsolete, but if there is a chance to save them, why not? Anyone can give up and not fight. The strong fight even if there might not be a chance to succeed. Fight for your local bookstores.**

Things that YOU can do to help:

Visit a local bookstore.

* Small bookstores compete with larger chains by carrying vintage, out of print, and other niche books that might not be able to be found online.
* The owner or workers can recommend books depending on your interests and can help you discover something amazing that you never would have thought to read.

If you find a store you like, spread the word

* People underestimate the power of advertising by word of mouth and too often people don’t think to share the good experiences.
* Go on Yelp or your favorite social media site and tell people why you love your local bookstore.

Choose retailers that partner with large corporations

* Some local bookstores remain in business due to selling books online through Barnes and Noble or Amazon
* When shopping it will be listed where your book comes from, so make sure to help out a small store even when you try to get a great deal

Books can be meaningful gifts

* Maybe you know someone who has a birthday coming up, get a copy of your relative’s favorite childhood story, a book of poems by your friend’s favorite poet, love quotes for a partner or maybe a scandalous romance novel as a joke for a best friend. At a bookstore, the possibilities are endless.
* Rather than a Barnes and Noble gift-card, see if your local bookstore has a certificate or gift-card.

Other wonderful features of Printed books

* No batteries needed
* You can read on a plane even during takeoff and landing
* You don’t have to worry about spilling Marinara on your kindle in the kitchen

Further Reading

Consider as you read: how different are the societies of Norway and the United States and how we can, as a society, change this trend of devaluing books in the common household.

<http://www.compass.unibo.it/Materiali/Documenti/2007/Documenti_Mazzanti_books-demand.pdf>

Consider as you read: If people won't even borrow paper copies of books, there is an even lower chance they will purchase a book. Why are more and more people turning to e-books instead of turning pages? Can an electronic copy of a book really compare to real pages?

<http://www.washingtonpost.com/local/as-demand-for-e-books-soars-libraries-struggle-to-stock-their-virtual-shelves/2012/01/13/gIQAkIOXzP_story.html>

Consider as you read: How do China’s book needs foreshadow an even larger crisis for the local stores? Consider China’s position in the global economy and how the economy of the USA compares.

<http://www.china.org.cn/china/2011-04/12/content_22342091.htm>

Consider as you read: Most of the local books stores interviewed stated that Amazon was their biggest competitor. When was the last time you purchased a book in a store? Why do you buy your books online rather than in the store? How have your decisions negatively affected bookstores in your area?

<http://www.guardian.co.uk/commentisfree/2012/apr/06/amazon-destroy-britain-book-industry>

<http://technologizer.com/2011/02/17/borders-bankruptcy/>

“How will this influence scholarship in years to come? We have, via the globalization of online book selling, a splendid way to lay hands on the books we know we want. But this facility comes at the price of making it much less likely to discover the books we don’t yet know we want.” <http://chronicle.com/blogs/innovations/how-will-the-decline-of-used-book-stores-influence-scholarship/30835>

Your local store could be next:

<http://www.buzzfeed.com/mjs538/portraits-of-closed-bookstores>