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INTRODUCTION

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Historically, the wholesale industry in publishing has facilitated the distribution of print books to libraries, retailers, and customers. Throughout the twentieth century, the wholesale industry sustained a steady and reliable business model that worked efficiently with publishers. In the early 2000s, wholesale industry leaders became aware of the possible introduction of technology-based changes, such as electronic books in the publishing industry, which would cause a disruption in the workflow process. As these newer technologies emerged and began to disrupt the traditional systems, wholesalers began to see a sea change in their business model – one that they were ill prepared to adapt to. Both Amazon and Google digitized entire libraries while traditional publishers deemed it too costly to even think about. Not taking those risks or leaps of faith with new technology early on has led to many individuals in both wholesale and publishing alike to panic and some thought that the industry may be entering a state of flux.

In addition to Amazon's presence, self-publishing, e-books and social media have changed the workflow for the wholesale print industry as well. Publishers and wholesalers have no choice but to collaborate and innovate with the changing times. If the wholesale industry in publishing does not adapt, they can suffer a fate worse than the music industry.

What is Wholesale?

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The wholesale industry in general has always been less glamorous than other sectors of the business realm. The manufacturers around the world get recognition, but the middlemen, such as the wholesalers, very seldom get similar praise. Some say wholesalers do all the necessary “grunt” work, while others feel wholesalers are an unnecessary cog in the system. The wholesale industry in general will always be around, but not necessarily in the traditional way

they are presently. With the new technology affecting every industry in both positive and negative ways, change is inevitable.

Wholesalers have been a vital part of almost every supply chain in America since the arrival of Christopher Columbus. In those days, wholesale was known as the barter system in which goods were swapped in lieu of a monetary payment. As these exchanges became more common, facilitators would be involved to make sure the product ~~transferred~~ from the buyer to the seller, especially if there was a lapse in communication or simply no way for the buyers and sellers to meet (Seelan, 2008). These facilitators typically had a connection to both the buyer and the seller and were able to profit from both. In some instances, the facilitator would barter for large quantities of product from the seller at a below value price and swap them for goods of a higher value. This is essentially how wholesale works – wholesalers buy goods at a discount and then sell them to others at a higher cost. Also, actual cash value being given to the products (Seelan, 2008). According to the Webster Dictionary, the actual definition of wholesale is of, relating to, or engaged in the sale of commodities in quantity for resale. The purpose of wholesale is not for the wholesaler to hold on to the product, but to constantly be moving the product for a profit. This mindset helps both sides of the spectrum because once the goods are out the door; the manufacturer no longer needs to be concerned about recouping the expenses of making them. This model can slightly vary, and the wholesaler may not actually buy the goods from the manufacturer, but instead stores them. The wholesaler gets a contract for purchase of the goods from a retailer and receives a commission of sales. In turn, goods are sold to retailers and space serves as the only cost for the wholesalers in their multiple warehouses. In these cases, the wholesaler benefits from having more capital than the buyers and sellers they are working

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with because then they can afford to take risks with product and it also shows a perception of being the savvier partner in the deal (Smith,2012).

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Using a wholesaler in any industry takes the stress of distribution off the manufacturer, which in turn allows the manufacturer to focus on development, marketing, advertising, and the evolution of new products. In most cases, manufacturers struggle to handle distribution methods, and they have no choice but to partner with a wholesaler. The factories of manufacturers do not have enough space to store the product, so selling to wholesalers helps to free up valuable floor space while the wholesalers store the product in warehouses designed specifically for long term preservation. Manufacturers' relationship with wholesalers have benefits and drawbacks because the manufacturer knows the wholesalers get the best price with the standard discounts, but in turn, they have the peace of mind knowing their product is being sold (Smith,2012).

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Wholesale in the Book Industry

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Wholesale in the book industry is not much different than any other industry except for the fact that the process of integrating modern technology has taken longer than expected. With e-books, interactive apps, self-publishing, and other forms of technology constantly evolving, the wholesalers that have not adapted to change and have refused to change both their workflow and business practices throughout the twentieth century may very well flounder. These wholesalers, in some circles, have reached a state of panic – while titans like Amazon have helped to speed up the process of technological integration in publishing to a higher degree. Innovation is at a premium and the general consensus is that wholesalers lie just a tad bit behind because of their thinking that the print industry could never truly be in danger.

While the standard discount can fluctuate depending on the size of the publishers or leverage, the going rate for discounts given to wholesalers on hardcover, paperback, and mass-market titles is typically between 50-55%. There are exceptions to this range on a publisher-to-publisher basis depending on a number of factors such as freight charges, advertising charges, international rates, and other special programs that may make a publishers' discount with a wholesaler go up or down. The 50% rate has been around for many years without a known date of inception, but the perceived reason for the discount being this amount is that the wholesaler takes away half of the work.

Negotiations on terms in the book industry in general are an ongoing business matter for wholesalers in the book industry and have become even more pressing with the ever-changing landscape due to technological advances. Due to the depressed economy in recent years, losses across the board in multiple channels such as library, international, and academic sales have occurred. The only way for wholesalers to ensure profit is to change standard discount terms or be creative with contracts with publishers to create a win-win situation for both. The threat of digital publishing completely taking over the industry combined with losses in profit have made for lengthy negotiations and severed relationships between upper management in wholesaler and publishing. Bonnie Schafer, a recently retired veteran of the wholesale publishing world, has taken part in her fair share of negotiations. Bonnie had worked at Baker & Taylor for 30 plus years in the advertising department and the buying department. She retired as a Senior Buyer in the Children's department. Schafer shared that the majority of the negotiations between publisher and wholesaler typically involved just National Account Manager of the publisher and the primary buyer of said publisher. Once an agreement was met, a Director or Vice President just had to sign off. These negotiations were done in-person and the only metrics looked at were if

profit was being met and if not, what needed to change. However, now, these negotiations have been elevated to Vice Presidents, Directors and Presidents and the metrics analyses dig into every facet of business due to technology shifts. The relationships between publishers and wholesalers management were strong in the 1980's and 1990's, but as print sales declined, the relationship became strained. Seeing profit go down and returns at an all-time high never makes for a particularly rosy conversation. The relationships between publisher and wholesaler became more about making a quick dollar, no matter the backlash, rather than making sure everyone left happy. To some, the quick dollar was more on the wholesalers mind due to backlash from publishers about quality and returns and the bankruptcy of Borders fresh on their mind. The main thought in these negotiations is for both parties to benefit, but in the long run, it is essential both publishers and wholesalers to make sure their product and brand is being taken care of first and then worrying about potential partners and clients after. (Schafer, Personal Interview).

Wholesalers in the book industry make sure publishers' products get to all customers. Barnes & Noble, Wal-Mart, Petco, Target, Whole Foods, Costco, the defunct Borders, and even Amazon are the biggest customer base. These customers are comprised of mainly retailers that rely on consumer demand. They buy stock from wholesalers as needed, but problems can arise here. When demand gets too high on a product such as *50 Shades of Grey*, and the publisher has to print more, the retailers begin overly requesting the wholesaler for more products, so they do not run short and the customer is pleased. The wholesaler in turn has to make sure the publisher is printing more of the title and is allocating enough stock to them, since they are not the only distribution source. This can lead to confusion and chaos and publishers sometimes play favorites with certain wholesalers.

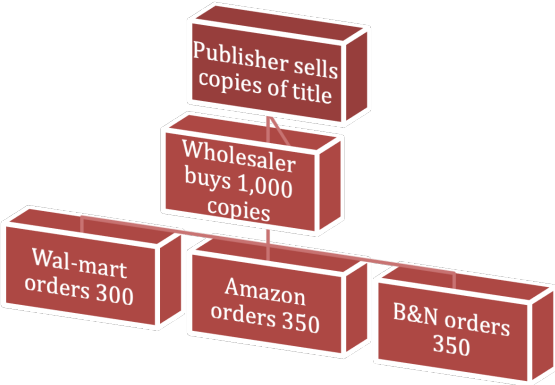
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While most individuals would be happy that a book is flying off the shelves, players in the wholesale industry have to scramble to make both the publisher and customer happy while allocating enough stock for each account. Moving content requires either Account Managers or Category Buyers/Planners to forecast, allocate, and analyze the title trends. It is essential for both buyers and planners to work together efficiently. Buyers in wholesale perform all the communication with the account manager of the publisher. Buyers purchase the quantity of a new title months before its release over a meeting with the account manager of a publisher, and buyers ensure there is enough in stock to support the initial sales, which is when a title sees the most rapid growth. Planners ensure that they support the stock of a title after the initial 60-90 days of the release. Some titles see a spike based on holidays, seasons, death of the author, or other unforeseen circumstances. The planner must ensure that the wholesaler is covered and the publisher has enough stock to ship the product. There are other duties required by both the planner and buyer, but the preceding details represent the most essential job functions critical to the health of the company.

An example of the chain regarding a title:



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Let us say a publisher sells 1,000 copies of a title at a standard discount (55%) to a wholesaler, who updates their database to let potential customers know of the amount they have on-hand. The stock is then allocated on a first come first served basis, usually fulfilling backorders first. For small titles, this can be an easy process, but for larger, in-demand titles, some accounts do not get fulfilled and deficiencies can arise. A large and technologically proficient customer such as Amazon can order rapidly and in large quantities. This power leaves other customers on the outside in many instances. This power creates a conundrum for wholesalers because they know Amazon is not exactly a partner but often a competitor, but they have no choice but to fulfill their orders first to get a guaranteed profit. This leaves other clients without stock and agitated consumers who cannot buy their desired products at the retail store because it is not available.

The Distributors and Wholesale Giants: Baker & Taylor and Ingram

Atlas Books, Perseus, Consortium, Midpoint, Independent Publishers Group and National Book Network are key companies in the publishing world. These companies are the top distributors of books across the United States and are also a sales force for many different publishers and imprints. Distributors typically fulfill orders and store a limited amount, but they can only do so much after that. The distributors mentioned above and the many others that exist compete with each other to offer distribution to multiple clients. Their limited capabilities and competition around the country make it difficult to stand out amongst the crowd of competitors. What many outside of publishing do not realize is that distributors need help getting their product out to the masses. The distributors turn to wholesalers to fulfill, store, ship and package books in their multiple warehouses. Wholesalers also have access to retail stores, libraries, and other

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book trade locations that distributors and publishers would not have the time or resources to fulfill.

Two main titans dominate the wholesale publishing industry: Baker & Taylor and Ingram. While distributors typically deal with whatever books their publishers give them, Baker & Taylor and Ingram are only interested in books that can sell quickly and easily with little to no marketing efforts. The mindset is to buy and forecast the proper quantity that will sell in the first 30-60 days, make sure there is extra inventory for the drop-off of sales, and get the best possible discount on the books. Wholesalers such as Baker & Taylor and Ingram have used this process since their beginnings, but are in the midst of major changes that are causing a disruption to the typical wholesale mindset. These changes are due to Amazon's business practices and advances in technology, which is causing the function of a wholesaler in publishing to change.

While Ingram and Baker & Taylor are the key titans in the industry, they both have many differences. Ingram Books started in 1964 and has since been named Ingram Content Group. Baker & Taylor started back in 1828 as a bindery. Ingram Content Group is headquartered in LaVergne, Tennessee, and has over twenty offices and warehouses worldwide. Baker & Taylor is headquartered in Charlotte, North Carolina, and has ten plus warehouses and offices worldwide. Ingram has access to over 7.5 million titles, while Baker & Taylor has access to over 1.5 million. While these two are the titans, Ingram does have the upper hand in regards to diversity, growth, capital, and power in general.

Along with its wholesale/distribution services, Ingram also offers Ingram Micro for technology, Lightning Source for print-on-demand, Ingram Publisher Services for marketing, and much more. Baker & Taylor offers similar services, but nowhere near the capacity of Ingram. Javier Diaz, a Senior Planner at Baker & Taylor, has worked with both Ingram and

Baker & Taylor throughout his career. While Ingram is his direct competitor, he has stated, “The company has been a leader in addressing the continuing evolution of technology delivery, including cloud computing, digital platforms and software, and distribution services for many years. Books, while a passion, are typically just another income generator in the grand scheme of things” (Diaz, Personal Interview). On the other hand, Baker & Taylor has always been about books. Baker & Taylor created their own e-book software called Blio, but it never gained traction. They also have three publishers, which have modest sales: Silver Dolphin, Thunder Bay Press, and Portable Press. What Baker & Taylor and Ingram do have in common is that they both reach retail accounts such as Wal-Mart, Barnes & Noble, and others equally and have a similar international reach. Baker & Taylor also edges out Ingram in the academic realm though sales have declined in recent years. The biggest difference between Baker & Taylor and Ingram in channel reach would be with libraries.

While Ingram has superb library services and a reach, this is where Baker & Taylor truly stands out with its library software called Axis360. With Axis360, the system becomes fully integrated into the selection and acquisitions workflows of libraries and their library management tools. The vast majority of libraries have chosen this program to get e-books transferred, borrowed and downloaded to the end user. This is becoming a vital tool to libraries looking to evolve with e-books, but they also remain loyal to Baker & Taylor’s print selections as well. Baker & Taylor has always had the upper hand on Ingram with its library reach and trust by librarians worldwide, and they continue to dominate well into the twenty first century. It is apparent that Ingram is trying to be more than just a book wholesaler and truly integrate technology and other products and services into their company, while Baker & Taylor has stuck with their main focus of libraries and books in general. Innovations such as Axis360 and a

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general knowledge and mastery of a specific service can keep a company from going under, while history has shown that venturing into new territory that is not native to a company can lead to devastating results.

Both Borders and Barnes & Noble were huge allys to the big wholesalers. Both of these companies were also the top competitors to Amazon. Barnes & Noble is still in business, but the decline of the Nook, a jump into new territory, and the closing of many of their brick and mortar stores has hurt their orders with wholesalers. Amazon and libraries make up a large bulk of all the orders for wholesalers in the first decade of the twenty first century and the trend of publishers selling directly to Amazon has hurt Barnes & Noble even more than expected. Borders, on the other hand, is no longer a company.

When Borders was in the process of filing for bankruptcy, they tried to venture into the toy industry. Becky Graziano, a former Borders employee turned Baker & Taylor analyst, saw the bankruptcy unfold. “Borders attempted to bring in new customers by selling poorly manufactured toys, since it was not their forte. They knew they had to do something to stay afloat and blindly entered the toy industry. While Baker & Taylor is only just beginning to enter the toy and gaming industry, I hope they learn from the mistakes of their predecessors and stick to what they know.” (Graziano Personal Interview). New technology and the unavoidable notice of Amazon consistently growing causes wholesalers like Baker & Taylor and Ingram to think outside the box, but they cannot lose focus or take too large of a risk. The wholesalers face a lose-lose situation because they may miss out on an innovative form of technology by standing pat, but they can also take a huge risk in a product or innovation that fails, which sets them back even more. The new technology effects are shaking up job roles, system processes, and goals,

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but it may be best for both Baker & Taylor and Ingram to choose a true specialty in the rapidly changing wholesale climate and stick with it (Diaz Personal Interview).

AMAZON IN THE PUBLISHING WHOLESALE INDUSTRY

The wholesale industry had little choice but to evolve due to the presence of Amazon in the start of the twenty first century. The term “Amazon” can mean so many different things to individuals in the wholesale realm. Some loathe the word Amazon, others secretly love the word Amazon, other fear the word Amazon, and the rest accept the word Amazon. In reality, Amazon has truly caused the wholesale industry to adapt and change, so no matter what people think of the word Amazon, it is best to know that the word is not likely to disappear. Some of the changes and news worthy events caused by Amazon include: Publishers bringing about the Department of Justice lawsuit by claiming Amazon’s e-book pricing was unfair, publishers and wholesalers not being able compete with Amazon’s print book prices, but yet cannot stop selling their product them, and Amazon Prime and Kindle Owners Lending Library proving to be invaluable services that publishers and wholesalers alike can not simply compete with. These are just some of the hot topics that Amazon has caused, not even including the eventual brick-and-mortar stores throughout the United States and Amazon entering the publishing realm with imprints such as Amazon Encore, 47North, Amazon Crossing, and Amazon Children’s Publishers. Needless to say, publishers and wholesalers are not exactly thrilled by Amazon’s grand entrance into industry.

Amazon’s History

The year is 1994. The World Series in Baseball is canceled due to a strike, Bill Clinton is the President of the United States, and Jeff Bezos quit his job as Vice President of D.E. Shaw, a

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firm on Wall Street, and moved to Seattle. Almost twenty years later, the San Francisco Giants won the 2012 World Series, Barack Obama is our president and Jeff Bezos has a net worth of 27.2 billion. Needless to say, a lot has changed.

Bezos had a vision to sell with technology. This technology was the internet. Bezos created a list of twenty products that he felt could be sellers, but narrowed the list down to five. The list included compact discs, computer hardware, computer software, videos and of course, books (Grant, 2003). Bezos went out to Seattle because it was very “techie” at the time, and this was during the rise of grunge music with likes of Nirvana and Pearl Jam, so Seattle was a very young, hip environment. Bezos debuted Amazon.com in July of 1995 and never looked back. Amazon.com became the go to website for books on the internet. People could find the book they want, enter their credit card information, and have the book within days. Bezos worked mainly through wholesalers and distributors in the beginning, so he did have a great relationship with them in the Seattle region and would ship the books straight from his garage in Seattle (Grant, 2003). The company did not truly take off until Bezos moved to a Seattle office, offered discounts, and made the website extremely consumer friendly. The company eventually became public in 1997 and opened up on the east coast in Delaware. The expansion was a huge development and was not the end of growth for Amazon. Amazon currently has 90 plus warehouses throughout the United States (Kucera, 2013). Throughout the years, Amazon kept growing and growing by beginning to take over well-known companies such as IMDB.com, Zappos, Audible.com, and Alexa and venture into music, apparel, theater and even vitamin supplements. In 2002, some were scared Amazon was not going to last. An article in a July issue of *Business Week* stated, “after seven years and more than \$1 billion in losses, Amazon is still a work in process” (Grant, 2003). This concern never came to fruition, and Amazon is on pace to

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make upwards of \$23.5 billion for the last quarter of 2013. Amazon already has such a rich history and many successes that prove its sustainability.

Amazon's Business Model and its effect on wholesale

[Know](#) Amazon's mission statement? It should not come as a surprise that it is, "To be Earth's most customer-centric company where people can find and discover anything they want to buy online" (Brandt, 2011). This is the perfect mission statement for Amazon.com and one that truly aspires. This is also the difference between the likes of Amazon and a publisher or wholesaler. Customers feel a personal connection to Amazon, while only individuals in the publishing realm would know of Baker & Taylor or Ingram. Bezos has truly reached the customer on a personal level. When Bezos started out, he was only working in his garage in Seattle. Now, Amazon currently has 90 plus warehouses throughout the United States (Kucera, 2013). Since Amazon has warehouses situated throughout the United States, they can offer books cheaper, faster, and easier. While it is not flat out stated, Amazon opened these warehouses and actually sells books as a loss leader so that they can please the customer and third parties such as wholesalers and distributors suffer due to lack of personal touch (Graziano, Personal Interview).

Publishers continue to compete with Amazon, but they still have direct partnerships with Amazon because of the increasing demand of consumers. This partnership has caused a negative effect on wholesalers and sales have dipped dramatically. Selling print books directly to Amazon paired with the fact that e-book distribution does not require a wholesaler has profoundly impacted the wholesale environment. Wholesalers play a hurry-up and catch game with Amazon that they would seem like a Sisyphean curse. Amazon's business model is quite simple, "Make online shopping so easy and convenient that customers won't think twice" (Brandt, 2011). This

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statement is what makes Amazon so incredibly successful. With customer service and frugality, Amazon can offer products at such a low price and even power on if a loss occurs. Bezos has certainly made his fair share of bad investments, but his good investments have far outweighed his bad. Wholesalers and publishers do not have the financial backing to take the risks Bezos has taken and in turn they have to watch as Amazon's ideas prosper even if they had the idea to invest in them before.

Publishers/Wholesalers vs. Amazon

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As stated earlier, the competition was not always Publishers/Wholesalers vs. Amazon. Wholesalers and distributors truly helped Bezos thrive in the 1990's. Once Amazon began growing, the partnerships were not as important. Wholesalers needed Amazon, Amazon did not need wholesalers. This is the reason why wholesalers work with Amazon currently, but they are their enemy. Publishers and Apple tried to get an edge against Amazon with exclusive rights regarding e-books, but the Department of Justice filed a suit against Apple and the publishers that ultimately ended in Amazon's favor.

DOJ Lawsuit

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In 2012, an antitrust suit by the district court ruled that Apple had conspired with five book publishers to increase the price of e-books. The court found Apple liable for price-fixing e-books in the United States and working to stop Amazon's consistent lower prices on books and in this case, e-books. A.J. Murphy, a National Accounts Manager with Macmillan, has used Amazon before and understands their importance, but he applauded his company during the Department of Justice lawsuit against Apple, Simon & Schuster, Hachette, Macmillan, HarperCollins, and Penguin. The lawsuit has been settled, but Macmillan was the last publisher

hanging. Murphy stated, “Even though the ruling hurt Macmillan, I respect my companies fight. Amazon stated that there was no competition due to the agreements Apple had with the publishers, but there is still no competition due to Amazon’s discount! How can anyone expect any publisher to compete with Amazon or get any profit when prices are set so astronomically low? There is a reason why Barnes & Noble isn’t staying afloat. At least Apple has iTunes and their other products” (Murphy, Personal Interview). While it was only the few publishers and Apple that were trying to “stick it” to Amazon, individuals on the wholesale side were rooting for the publishers. Becky Graziano felt defeated after the DOJ win. Graziano stated, “I say this a lot, but my work at Borders made me have a bit of bitterness towards Amazon. As a consumer, they are great, but being employed in publishing and more importantly, wholesaling, it is tough to see them constantly succeed while other mom and pop companies are closing” (Graziano, Personal Interview). The court allowed Amazon and others to now price e-books any way they want and Amazon gained even more consumers purchasing e-books through their site, which was already the majority. This lawsuit revealed the bitterness of publishers with Amazon and wholesalers, who were already having problems with e-books and, knew they had work ahead to compete in the industry.

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Mergers

Mergers are one solution to combat the growth of Amazon, but some fear it may not be enough. The genius of the whole Amazon effect on wholesale and publishing is that books are not their main focus, but yet, the newer generations of children really only know of Amazon when thinking of books. A consumer may end up on Amazon for a book, but in the long run may end up checking out with groceries, a new couch, and a new phone. This diversity is why so many individuals in publishing are angered at Amazon, because they know that their main

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interest is not selling books, but rather the bigger picture, which results in more sales on Amazon.com.

The talks of mergers have always been whispers in the hallways of publishers and wholesalers for many years now. Some felt it would be great and a true force to combat Amazon, others felt as though it will eliminate jobs and give more leverage to publishers in negotiations between wholesalers and publishers. It is tough to say what are the true short and long term pros and cons of a merger, but it is safe to say that the merger of Penguin and Random House will not be the only merger of the future. The merger, that shook the publishing world in 2012, will make Penguin Random House the owner of 25% of the world's book business. While the 25% seems impressive, there is still, "Amazon, with its formidable pricing power, that is the gorilla in the book industry jungle. Last week the giant online retailer reported sales totaling \$15.7bn in three months – of which \$4.4bn came from books, music and DVDs. Its publishing division recently announced that German novelist Oliver Pötzsch had become its first million-sales author, in print and e-books, for *The Hangman's Daughter* and its sequels, about a seventeenth century Bavarian executioner-turned-detective. "When mergers like this happen, it is a response to the competitive situation they find themselves in," says Richard Mollet, chief executive of the Publishers Association" (Rankin, 2013). Yes, Penguin and Random House are remaining competitive, but this merger would not even put a dent into Amazon, but rather put wholesalers such as Baker & Taylor and Ingram at Penguin Random House's mercy (Rankin, 2013). These publishers can use their own warehouses to sell and have to rely on wholesaling less and less.

Mergers are occurring almost daily in the publishing world. There are millions of imprints, thousands of publishers, and hundreds of mom and pop shops that know it is either merger or closure. Javier Diaz stated, "This is the sad reality of what is occurring with Amazon.

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Yes, they provide many jobs with their growth, but they are taking away the little publishers that are beloved in communities. It is more corporate now and unfortunately, I just think the mergers are going to hurt helping and take the joy out of publishing” (Diaz, Personal Interview). Some fear as though the mergers are taking out the independent and “middle of the road” books and just dealing with the “blockbusters”. The authors will have no choice but to move to self-publishing which is another hit to wholesalers and publishers, and Amazon offers self-publishing tools to help these authors prosper. Amazon has their hands in many different industries and tools that help them stay a step above publishers and wholesalers, regardless of mergers.

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DIGITAL MEDIA IN THE PUBLISHING WHOLESALE INDUSTRY

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Digital media is a pervasive part of culture in the 2000’s. It is possible to edit a whole book on a smartphone and create a cover for the same book with downloadable apps or widgets. The majority of these apps and widgets are very budget friendly and can be downloaded within minutes. This new technology allows authors shut out by mergers or not able to get into a wholesalers listing to be able to finally publish and distribute their book on their own merit. These technological advances have worked in Amazon’s favor and have made wholesalers falter. With Amazon’s quick search and downloads at “one-click,” the acceptance of digitized books was a check mark for their business. They had both the tools and capital available to jump into the digital age with e-books headfirst, and they are now the go to website for all things e-books. When combining the relative ease of self-publishing along with the low cost of marketing through social media, it makes for an uphill battle for wholesalers that are trying to break into the digital media realm.

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Social Media and the Internet

Marketing a book through social media and blogging can require great effort, but it is free promotion, as it costs nothing to create a Twitter, Facebook, Instagram or LinkedIn account. The more followers that can be amassed, the more likely posts or links will get shared. Before social media, wholesalers along with authors, publishers and literary agents would market, advertise, and promote a book. Now, self-published authors and even authors within traditional publishing houses promote their book(s) through social media. Neil Gaiman is a name that is well-known not only in the literary world, but in the social media world. Gaiman authored several well-known titles in the science fiction and fantasy world including *The Sandman*, *The Graveyard Book* and *The Ocean at the End of the Lane*. He has received many prestigious acknowledgements such as the Newbery and Carnegie medals, the Locus Award, and the Hugo Award. Even though Gaiman has many accolades, he remains humble. Gaiman is extremely active on Twitter with over 1,900,000 followers and 63,000 personal tweets. He interacts with fans on a daily basis and this of course shows a side of authors unknown before.

With social media in the 2000's, anyone can "tweet" at his or her favorite author and there is a decent chance of receiving a response. This is obviously a huge selling point for many publishers, but not all are taking advantage of social media. Sherrie Slopianka, Director of Cadyn Development, a company that specializes in social media for publishers, estimated on 20% of traditional publishers having a presence in 2010. In her research, she concluded that, "Some of the publishers have Facebook and Twitter icons on their site, but several of the links don't work. Others have opted not to have social media icons but instead use the words "Follow us on Twitter" in such a small font and at the very bottom of their page, that it took me some time to find it" (Nawotka, 2010.) Gaiman uses social media as a way to share his thoughts without any

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corporate influence. Does Gaiman's tweets and blogs create extra traffic to his website, increased book sales, and other royalties? Of course, but this is not the main objective. While wholesalers and publishers corporately promote their authors book, Gaiman is doing so without promotion being the main objective. This obviously hurts traditional promoting because a publishers or wholesalers cannot stop an author from airing out their thoughts. Gaiman has deep thoughts on the topic and really feels as though an author should, "Use your blog to connect. Use it as you. Don't 'network' or 'promote.' Just talk" (Nawotka, 2010). If more and more authors tweet and blog like Gaiman and take away these functions from wholesalers and publishers, it is likely that individuals in advertising and promotions departments will ultimately dissipate.

Another social media tool, Twitter, creates the general buzz around events and releases in the publishing world. Along with buyers and planners promoting titles in wholesaling, there are the concentrated advertising and sales teams. For extra discounts on titles, commission, or even as a general favor to the publisher, wholesalers would promote a title of a publisher through features in their magazines, mailings, and online advertisements. Baker & Taylor created monthly editorials that previewed upcoming titles with a write-up, ISBN, and price included. Such editorials included Forecast (for now and upcoming titles in both hardcover and paperback) and Growing Minds (geared specifically to children and teen titles). These editorials were sent out to individuals in the publishing world on a monthly basis. Eventually they became quarterly. With magazine reading not as popular in print format in the digital age, these editorials became delivered via PDF and simply do not have the same effect they did in earlier years. This is also likely due to social media and information on the Internet being readily available. The editorial is not overly necessary in the publishing world (Diaz Personal Interview). These editorials would also highlight upcoming events in the publishing world. These event reminders are no longer

necessary due to Twitter. In just 140 characters, an author, publisher or literary agent can tweet out details of a signing, tour, or release of a title and know that it will get “re-tweeted” or “shared” with their loyal followers. BookExpo America has their own Twitter handle (@BookExpoAmerica) and just from their account a follower can figure out which events to go to in their city, what time panelists would be on, and general buzz going around each event. With the hashtag feature of Twitter, conversations can start just by including a single word in a tweet. Individuals interested in the theatrical release of *Catching Fire* by Suzanne Collins would just need to include (#CatchingFire) in their statement and the tweet would be released to any individual searching that specific hashtag. This development in social media is great for sales, information, and growth of a title. The power of Twitter is just something that wholesalers simply cannot compete with, no matter what technology marketing strategies or innovations can be created.

Self-Publishing and E-Books

Self-publishing and e-books go hand in hand. Many of the authors who are self-publishing first create an e-book and then use a print on demand service to get out the print title on a as need basis. It just so happens that Amazon offers authors the tools to self-publish an e-book and also a print on demand service through their website. They are also promoting Amazon’s Kindle Direct Publishing. Through this program, authors get higher royalties, exclusive Amazon offers such as being featured on their Amazon’s Kindle Owners’ Lending Library, and all the technology available to make their e-book perfect. The only thing they have to do is give their book a 90 day exclusive agreement with the Kindle library, and they are opened up to the world of Amazon. Another shrewd move by Bezos (Weyenberg, 2012). Michelle Weyenberg, Marketing Associate at Rosetta Books, has always had an interest in self-

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publishing. In her own thesis paper, Weyenberg outlined just how easy it was to self-publish (2013):

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- The author chooses a digital publishing company, which may ultimately be the book's distributor;
- The author has full, creative control — choosing a cover image or hiring a designer and hiring an editor or proofreader;
- The author formats the book for print and various e-book file types, including mobile phones, PCs, and tablets;
- The author puts a price on the book; and
- The author markets book using social networking sites, and any resources available to them.

The tools available through the internet can make the publishing and distribution of an e-book as easy as one click. The author is in complete control, obtains the majority of the royalties, and markets the book the way they feel fit. There are no deadlines, no pressure, and no creative restraints. Clearly, wholesalers have little to no chance of breaking into self-publishing with all the readily available tools already out to the public. Wholesalers were already at a disadvantage with e-books since there is no storage or shipping necessary, which is one aspect they prosper in. Unless wholesalers could come up with a cheaper, cost effective alternative to what Amazon and many websites already have, there is a [gloomy](#) outlook for wholesaling in the self-publishing realm. One suggestion by Javier Diaz of Baker & Taylor was for wholesalers to buy some of the websites that offer self-publishing such as Smashwords or Bookbaby, but the growth of these sites have [caused](#) the price to purchase [to](#) skyrocket. This would be a risk worth taking, but is not economically feasible for a wholesaler. Of course, Bezos is able to afford taking a loss with self-

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publishing due to the capital that he has to back him up. Each day could potentially be a loss to Amazon in the self-publishing realm, but each day is another day that wholesalers could not compete. Baker & Taylor and Ingram cannot operate at a loss and eventually they would just have to give in to Amazon. “It is a genius idea that Bezos can make no money on a product day after day, week after week, but in the long run he is ensuring that he has no competition. The costs are so low and the technology is so good, how can a company like Baker & Taylor invest so much and not know for sure if it will work? Amazon has the name, Baker & Taylor does not” (Diaz, Personal Interview). Another drawback for individuals in the wholesale industry that digital media presents is the downsizing of departments. There are programs that can do the job of one, two, even three individuals in a department. The areas that have seen downsizing are graphic design, advertising and marketing. With the tools available, it is possible to advertise a book without any cost or effort.

When it comes to e-books, “In October 2012, R.R. Bowker reported approximately 235,000 books were self-published in the U.S. — one third of them e-books. Several times in 2012, self-published books have made Amazon and Digital Book World e-book best-seller lists, as well as *The New York Times*. Since 2006, e-book self-publishing has grown 129 percent versus 33 percent for print. E-books have also changed reading and buying habits. Though Amazon has made self-published print books available for at least a decade, the exploration of e-books has expanded the interest in reading self-published titles (or indie-authored titles). And lower e-book costs have increased spending on more titles than the normal yearly print purchases for several consumers (Weyenberg, 2012.) These statistics show that e-books and self-publishing are truly married together. The 20-somethings find it hip and fun to read the up and coming indie authors, and they can buy multiple titles for less than \$9.99. The mergers stated earlier are

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also wiping out some of these indie authors, while Amazon is helping to support them. With the economy still not stabilized, it is important to be frugal with spending. E-books ensure quality for a low cost. Another marketing ploy that Amazon has attempted is with the Kindle. The Kindle Owners Lending Library allows Amazon Kindle users to rent books for free. This takes away from literal libraries, that now offer free lending, and also takes away even more profit from wholesalers and publishers. The Lending Library paired with Amazon Prime, an account that allows users to receive print books in two-days with free shipping, have increased customer satisfaction and decreased wholesalers purpose. The traditional publisher will still have a role in e-books because top authors will still want the traditional publishing backing and a *50 Shades of Grey* can single handedly keep a publisher afloat.

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CONCLUSION

In summary, book wholesalers face long odds of growth and sustainability due to the Amazon juggernaut, digital books, and social media. The golden age of book wholesaling seems over in this digital age and their fight for purpose seems nigh. First, Amazon stripped away wholesalers' ability to compete with their large buying power and incredibly convenient and efficient customer platform. Next, the non-rivalrous digital book has slowly gained ubiquity and taken large quantities of physical product away from not only wholesalers, but bookshelves in general. Wholesalers hurt further with free social media tools or even self-publishing tools. These digital tools cut out publishers and wholesalers by allowing individuals or groups to market, produce, and share information to the masses.

While Amazon has not exactly been a book savior and has contributed to closing both corporate and privately owned bookshops, the technology and digital tools have also resulted in

lost jobs and opportunities in the publishing sector. With publishers and wholesalers atrophying, they could still minimize risk and salvage some semblance of their old prominence. For instance, sticking to book selling could mitigate risks associated with entering a new market; however, Amazon and requisite technological developments signal a change in business just like the printing press signaled a change in access. So, perhaps all wholesalers have left is a dignified decline.

Moved up [1]: *Social Media and the Internet*[¶]

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