At the Grain

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ATG Interviews David Schappell, Director, Corporate Accounts, Amazon.com

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in an Impermanent World, will be published by HarperCollins in 2003. Do you think that the virtual and e-revolutions are going to do to libraries? Will they survive as we know them? Will print collections survive? How will "the archive for posterity" be preserved in the electronic environment? And will you discuss this in your book, Life Beyond Life?

NB: Every one of the questions you raise here will be addressed in Life Beyond Life, and I think I would rather discuss those issues when I am finished with my research and when my writing is complete. But I will say that reports of the death of the book are absurdly premature—to that end I refer you to the chapter in Patience & Fortitude I call "In the Stacks," in which I make pretty clear with careful documentation that the best colleges and universities today are still measured to a great extent by the strength of their libraries. There are some really excellent interviews in there, Peter Lyman of the Bancroft Library at Berkeley being one, and some interesting case studies that should be of particular interest to acquisition librarians throughout North America. Let me note, too, that if the book is dead, and if librarians are superannuated institutions, then why is it that so many countries like France, England, Germany, and Japan spent millions on new national libraries at the very time that the electronic revolution was evident, and why are these institutions perceived as indelible expressions of national purpose and culture? I do address some of these questions in the concluding chapters of Patience & Fortitude.

ATG: Some personal questions. What do you read in your spare time? Tell us about your hobbies and your family and family life. You have two college-age daughters, correct? Will they become librarians?

NB: I read all the time, and my tastes are eclectic, with a general preference for good nonfiction. My current passion, believe it or not, is books about libraries, but also archaeology. (In another life, I think I'd like to be a classicist or an archaeologist.) But for idle pleasure, I have to confess a shameless affection for intelligent entertainments by the likes of P.D. James, John le Carre, Bob Parker, Elmore Leonard, the late Ross Thomas, James Lee Burke. I don't think my daughters will become librarians, but that is entirely up to them, of course, and it does please me beyond words that both are appreciative readers and great lovers of books.

ATG Interviews
David Schappell
Director, Corporate Accounts, Amazon.com

ATG: We understand that Amazon.com has just launched its long-awaited Corporate Accounts program, which allows libraries, corporations, and institutions the option of using a credit card or paying by purchase order against an established line of credit. We understand that you led the team involved in getting the word out to the library community, so we wanted to sit down with you to help answer questions librarians are sure to have. So—why is this news so important to librarians, and why should they even care?

DS: We are responding to what librarians have asked us for. Rather than a top-down approach, which requires contracts and agreements and signatures from deans and directors and business offices that can take days or weeks, acquisitions librarians can set up a Corporate Account (www.amazon.com/corporate) themselves in just a few minutes. If they have been buying things from Amazon.com using a credit card and want to keep that method of payment in place, that's fine. Or they can apply for a line of credit right on the site, which is usually granted in a matter of seconds, and start shopping. For over a month now, I've been talking to several hundred librarians all across the country, from both small law libraries to multi-branch library systems. I think I can say honestly that they are uniformly delighted with this new service, as the entire program was designed with the library market in mind. Most of the "early adopters"—the librarians who signed up immediately—are telling us we did it right.

ATG: We noticed that Cindy Cunningham (who spoke at the Charleston Conference last year) was recently on the cover of Library Journal. You seem to be reaching out to the library market. Why? Is there a slowdown in other parts of your business?

DS: I'm sure you know that Amazon.com is always extremely interested in improving the customer experience for any kind of customer. Librarians have always been among our best customers and they told us they would love to be able to use purchase orders when buying books. We simply responded.

ATG: We know that some of your competitors—like Barnes&noble.com—are already doing this. Why did it take you so long?

DS: We know there are others in the space, and actually we think that's fine, as we never expect to be a library's sole vendor, maybe not even primary vendor. And some of the "competitors" you refer to are among our own vendors. Baker & Taylor and J. A. Majors, for instance, are two of our best book partners. We have many sources for books, music, video, and other items and sometimes librarians find things at Amazon.com they simply won't find anywhere else. Our Amazon Advantage program, for instance, enables thousands of smaller publishers who are often not sourced by the dis-continued on page 61

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tutors (or our online competitors) to stand right alongside the big publishers. As we like to say here, every book gets in the window at Amazon.com.

And as far as why it took so long, we wanted to do it right. It might look easy when you're on the site, but a lot of work goes into creating a new book platform, and at Amazon.com we sweat every single detail to provide a great customer experience.

ATG: You said this new program was designed especially for librarians. What are some of the other features librarians you’ve talked to are excited about?

DS: Most people really like the fact that several different purchasers can be assigned to a single account with one Account Manager monitoring the buying. Even people who had corporate credit cards found managing different accounts difficult and tedious. One of the people on our team was talking to the head librarian of a nationally known hospital system recently. She had 16 different accounts, all with her as the purchaser, with 16 different credit cards. When he signed her up for a Corporate Account, she said, “This is exactly what I’ve been hoping for. You are my knight in shining armor today!” It’s pretty rewarding coming to work when the response has been so overwhelmingly positive.

ATG: Back to competitors. Tell me more about the programs that you referred to above through Baker & Taylor and J.A. Majors. Why would a library go through Amazon.com rather than going directly to those vendors? And tell us about the Advantage program? Are librarians participating? Why would they?

DS: First of all, let me clarify about the Amazon Advantage (www.amazon.com/advantage) program. This is purely for publishers. But can you believe there are over 100,000 publishers in the US alone? Many of them only publish a few books, and these are unlikely to be bought by the distributors. We started the Amazon Advantage program so those small publishers could get their books into our inventory here, and it’s a huge success. These are the books that libraries won’t find anywhere else.

As and far as why people would go through us rather than B&T and J.A. Majors, that’s purely their choice. Once again, for the books I was just speaking about (in the Amazon Advantage program), only Amazon.com carries those books. For other books, it sometimes comes down to selection and convenience—sometimes we just have better in-stock position, or they need it delivered quickly. We also hear from librarians that they use Amazon.com for their biblio data, so they are already on the site doing research. They can now put whatever they’re looking for in their shopping carts and check-out just like our other 35 million customers.

ATG: How about shipping and handling and consolidation of shipments? What about reporting on orders for libraries? Do you do any of that type of thing? Also, some of the various jobbers offer set discounts and even free shipping in some cases. Do you do any of these things?

DS: The way the Corporate Accounts program works is that the Primary Account Manager gets a monthly statement reflecting all the transactions on that account, by any purchaser who has been authorized to participate on the account, for the previous month. If they have assigned a purchase order, that appears right alongside the transaction information. Shipping and handling charges remain standard as posted on the Amazon.com Website.

As far as discounts go, we pride ourselves on having good prices throughout our stores, and most librarians tell us our everyday low prices are in many cases better than the special “deals” they get from their wholesalers. At Amazon.com, we always strive to offer good value — with superior availability, selection, and service also being prime factors in the value equation, not just price.

ATG: Will Amazon.com be able to comply with the myriad of library systems and invoicing demands of corporate and library accounts? What other services will they be able to provide?

DS: The Corporate Accounts program first tried to solve the biggest hurdle faced by librarians when using Amazon.com. That is, by removing the need to pay by credit card by enabling the use of purchase order or purchase orders. We were also able to include functionality that allowed multiple purchasers on a single account, account management tools, and folded this all into a seamless checkout process, so that the new experience would be identical to what librarians were already accustomed to at Amazon.com. As always, we will continue to listen to feedback from our librarian community to improve on their behalf.

ATG: Since Amazon.com discounts on scientific, technical and university press titles are not competitive with other jobbers, what market are you looking for? Rush orders?

DS: Amazon.com knows that we will not always be competitive on a title-by-title basis. We provide everyday low pricing across our entire catalog, and know that customers use Amazon.com as much for our selection, speed, and convenience, as they do for our competitive title pricing. This myriad of benefits constitutes our overall value to our customers. We also ship many of our titles by sea, which helps reduce costs.

ATG: You are doing some other interesting things like e-documents Web page. What are e-documents? How much do they cost? What kind of activity have you seen from libraries on these types of purchases? How about from individuals? Who writes these e-documents? Do they get paid a royalty or a flat “work for hire” fee?

DS: An e-document, or electronic document (www.amazon.com/edocs), is a digital document that you can read on a computer screen using widely available free Adobe software (available free from the Amazon.com Website). Amazon.com e-documents offer timely research information on a range of topics, from e-commerce and telecommunications technology, to investment and marketing strategies. Our titles are provided by some of the most respected research firms in the business, including Harvard Business Review, Morningstar Reports, Accenture and Bain & Company. We offer Amazon.com e-documents in a wide range of prices, many starting at less than $3.

There are a number of advantages to reading e-documents. First, you can read them immediately, without having to wait for the title to be shipped to you. E-documents are portable so that you can read them away from your PC or laptop. Also, because these documents provide timely research information from publishers difficult to find in print, many people enjoy being able to access them on their PC. As our selection of e-documents continues to grow, you will be able to find and download an even wider selection of unique content on an increasingly diverse range of topics. For competitive reasons, we don’t disclose business terms of individuals or publishers that we work with.

ATG: There was a recent article in The New York Times about eBooks and the failure of them to take off. Tell us about what Amazon is doing with eBooks? Do you know how many eBooks are bought yearly? Are you working with netLibrary? What can we look forward to from Amazon.com regarding eBooks?

DS: I don’t have the answers to all of your questions, but I’ll do my best. While we are currently not working with netlibrary, we do offer a large selection of eBooks from publishers like Random House, HarperCollins, Simon & Schuster, and many others. You can read any of the thousands of e-books on Amazon.com using either Microsoft Reader or Adobe Acrobat eBook Reader. As with our e-documents, you can read eBooks immediately, without having to wait for the title to be shipped to you. You can take them with you anywhere you take your laptop. Also, we currently offer hundreds of eBooks in the Microsoft Reader format that can be read using any Pocket PC. And with the release this month of the Pocket PC 2002 devices, customers will be able to read any eBook in our Microsoft Reader Store.

ATG: Tell us about you, your background, and family. How long have you been at Amazon.com? What’s it like working there? How many employees are there at Amazon.com and how many Amazon.com in other countries are there?

DS: How personal do you want me to get? Actually, I’m 33, my wife is a landscape architect, and we have a boston terrier named Darcy (our daughter). I’ve been at Amazon.com since May of 1998, and have been fortunate to work in positions across the company, from assisting with the launch of the Music and Video stores, to launching the Used Book effort we call Amazon.com Marketplace (it allows anyone to sell used copies of their books on the same pages where Amazon.com sells new copies), and most recently focusing on the new Amazon.com Corporate Accounts Program. I’ve also spent three fantastic holiday seasons working in our distribution centers helping to ship product to customers during our peak selling season!

Also, I am a rabid booklover. I am currently enjoying reading Confederates in the Attic by Tony Horwitz (I plan to explore some Civil War monuments while attending the Charleston Conference), and recently re-read A Confederacy of Dunces and the complete Harry Potter Series.

Although I am biased, I can honestly say that I love working at Amazon.com. We’re all continued on page 63

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**Schappell Interview**

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so committed to improving the customer experience every day, and we have a lot of fun while doing it. It has been a fantastic 3 years.

As of our June 30, 2001 press release, we employed 7,800 employees at Amazon.com and our four international sites – Amazon.co.uk, Amazon.de, Amazon.fr and Amazon.co.jp – including both full- and part-time employees. It is quite a bit larger than when I got here!

ATG: Speaking of the Used Book (Marketplace) program, what feedback has Amazon.com received from publishers now that they are listing used copies of books next to the new ones in the database?

DS: We have great relationships with our publishers and are committed to being their best channel. We all believe that anything that makes it easier for people to find, discover and try books is good for customers, authors and publishers.

ATG: What innovations can we expect in the coming year? Can you give us a preview?

DS: For competitive reasons, I can’t be specific, but we are always listening to and innovating on behalf of our customers. However, I am very excited to tell you about a new feature that we launched today (October, 10, 2001) called “Look Inside The Book” that allows customers to flip through the inside pages of thousands of books. Amazon.com’s new bookstore (www.amazon.com/books) now features a vast selection of interior pages from over 25,000 titles, with thousands more titles to come. It is fantastic for browsing recipes found in cookbooks, illustrations from children’s books, full indices of medical textbooks, first chapters from mystery novels or the millions of other pages available. The company’s publisher partners at launch include DK Publishers, HarperCollins Publishers, Holtzbrinck Publishers, Hungry Minds, John Wiley & Sons, McGraw-Hill, Pearson Education, Random House, Scholastic, Simon & Schuster, Stewart Hall Publishing and Time Warner Trade Publishing. Customers can also visit Amazon.com’s new Reading Room (www.amazon.com/reading-room) to easily access all the titles from which they can view the inside pages.

I’ll tell ATG readers a lot about “Look Inside The Book” and more at the Charleston Conference, where I’m excited to be attending, exhibiting, and speaking this year – please find me and introduce yourself.

And, of course, people can e-mail me at <davids@amazon.com> if they want to give me feedback about the program, or if they need more information. We’re very committed to the library market, and welcome librarians’ feedback about the service.

**ATG: Now, for everyone’s favorite question -- Is Amazon.com profitable yet?**

DS: We have said that we expect to achieve pro-forma operating profitability in Q4 2001. We do not provide any intraquarter guidance. Some highlights from the second quarter earnings release were:

- **Net sales for the 3 months ended June 30, 2001 were $668 million, up 16% from the same period in 2000.**
- **Net sales for the period from international sites rose 75% to $128 million, from $73 million.**
- **Pro forma loss from operations improved by 69 percent to $28 million, or 4 percent of net sales, compared with $89 million, or 15 percent of net sales in the second quarter of 2000.**
- **This quarter, the US (US Retail and Services segments combined) was profitable at a pro forma operating basis for the first time -- this is our sixth sequential quarter of improved absolute pro forma operating results.** US pro forma operating results improved to a $2 million profit, from a loss of $55 million.
- **Over 21 million customers purchased in the last year, more than 1 million of whom have purchased a used product from one of our more than 60,000 Amazon Marketplace sellers. In fact, this quarter, roughly 10 percent of our US orders were for a used product.**
- **Worldwide, 2.6 million new customers ordered during the period, including 900,000 new international customers.**
- **Cash and marketable securities were $609 million at June 30, 2001.**

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Nursing History Review, Volume 10
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ATG: What is Amazon.com’s relationship with AOL? Is Amazon.com getting bought out?
DS: In July 2001, we announced a new multi-year strategic alliance with AOL, through which the industry’s two e-commerce leaders will team up to develop and offer an enhanced online shopping experience for users of America Online’s interactive brands. The new agreement joins Amazon.com’s industry-leading platform and online retail expertise with America Online’s technology and popular shopping environment to provide an even better online experience for America Online’s 30 million members, millions of visitors to its Web-based brands and hundreds of retailers. This new agreement expands on the successful marketing relationship begun between the two companies in 1997.

The companies also announced that America Online has made a $100 million equity investment in Amazon.com common stock.

In addition, America Online and Amazon.com will continue to work together on future e-commerce initiatives to benefit consumers, such as marketing initiatives, customer authentication and wallet services, and extending the alliance internationally.

ATG: What does Amazon.com consider the list price of a book to be? Since Amazon.com controls the database, how do we know what the publisher’s list price is?
Are service charges ever built into the price?
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From the Reference Desk
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is serious science at a serious price. Academic libraries supporting courses in physics or engineering are the main audience for this title.

Originally promised for release last year, the final three volumes of ABC-CLIO’s Encyclopedia of Archaeology (2001, 1576071987, $295) are now available. The first two volumes of the Encyclopedia, subtitled the Great Archaeologists, were edited by Tim Murray and met with approving reviews. The new volumes, subtitled History and Discoveries, are also edited by Murray and offer the same quality content and attention to scholarship that characterized his initial effort. Articles on specific countries and regions, individual sites and discoveries, time periods, methods and techniques and famous institutions and museums are the main attraction. Interested readers will find articles on topics as varied as Great Zimbabwe, the Ashmolean Museum, Medieval archaeology in Europe, Cambodia (and the ruins at Angkor Wat), Chaco Canyon, and computer applications in archaeology. While primarily an academic library title, large public libraries may also be interested, especially if they have the first two volumes.

ABC-CLIO’s Encyclopedia of the War of the Roses (2001, 1851093583, $58) focuses on the series of civil wars that marked fifteenth century England. This single volume reference is a well-organized volume with a number of useful features. It is intended for the lay reader or student with an interest in the topic and provides necessary background information in brief and clearly written articles. Use of the volume is enhanced by a guide to related topics and a alphabetical list of entries, as well as a number of appendices that include genealogies, maps, a table of dynastic families, lists of contemporary European rulers, Pupes and English church leaders. The Encyclopedia of the War of the Roses is one of those titles that would be at home in either Reference or Circulation.

Published by McFarland and written by Mary Ellen Snodgrass, the Encyclopedia of World Scripture (2001, 0786410051, $75) is a compact and handy volume that covers 27 major works of sacred writing. As you would expect, the scriptural writing of the major religions like Judaism, Christianity, Islam, Buddhism and Hinduism are included. But there are also essays covering the scripture of Stoicism, the Kajiki, the Chinese 1 Ching as well as the sacred scripture of Zoroastrianism, the Avee and Native American writings like Black Elk Speaks and the White Roots of Peace. Besides giving clear explanations of individual writings, the Encyclopedia offers readers a quick and easy way to compare the holy writings of numerous religious traditions. From this perspective, the Encyclopedia of World Scripture offers a fascinating look at how different cultures and people have tried coming to terms with life’s mysteries. Both academic and public libraries should be interested.

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is especially significant since ILL has assumed an even more important role with the increasing emphasis on distance education. We have initiated several new services for the fall term that provide support for distance students and their unique curriculum needs.

The Horizon
As with many state institutions, Delta State is currently facing a shrinking budget because of difficult economic times. This has forced us in Library Services to closely evaluate the services we provide and those that we plan to offer in the future. Even though our materials budget is not at the level we wish it could be, there are some positive changes coming in the near future. In September, we are going to utilize Serials Solution’s reporting service. This will generate a single alphabetical list of our electronic full-text journal holdings that be mounted on the Library Services Web Site. We are also in the process of acquiring a new library automation system that we plan to implement next summer. Both of these additions will allow us to provide our patrons with significantly improved access to our available resources. While there are always challenges that must be faced, with our beautiful new facility and a new automation system on the way, we realize that we are more fortunate than most. This infrastructure, maintained by a dedicated staff, will provide a powerful combination and exciting possibilities for W.J. Roberts Library and Delta State University.

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DS: I did not know the answer to this question, so I went to the expert. Cindy Cunningham, Amazon.com’s US Catalog Librarian, told me, “The list price of a book is the manufacturer’s (publisher’s) intended price. We can discount or surcharge from that price depending upon the deals we may make with the publisher or distributor. (We would only surcharge for special order books with costly handling issues on our end.) So, the list price comes from the publisher, sometimes via the distributor, and is in our data before we do anything else to the price. It should be a universal value—that is, everyone in the book industry should have the same list price for a book, even if they don’t all charge the same in the end.”