April 2000

sotto voce- Thoughts on Whether Newton's Apple Always Falls to the Ground

Bob Schatz

Everett's, everbob@yahoo.com

Follow this and additional works at: <https://docs.lib.purdue.edu/atg>

Part of the [Library and Information Science Commons](#)

Recommended Citation

Schatz, Bob (2000) "sotto voce- Thoughts on Whether Newton's Apple Always Falls to the Ground," *Against the Grain*: Vol. 12: Iss. 2, Article 28.

DOI: <https://doi.org/10.7771/2380-176X.3078>

This document has been made available through Purdue e-Pubs, a service of the Purdue University Libraries. Please contact epubs@purdue.edu for additional information.

sotto voce — Thoughts on Whether Newton's Apple Always Falls to the Ground

by **Bob Schatz** (Manager of North American Sales, Everett's) <everbob@yahoo.com>

Help me make sense of this. Last year **Amazon.com** doubled its sales, but increased its financial losses eight-fold. At the announcement of this news, its stock went up. The only experiences I've had where my losses seem to make someone happy are at the track or in a casino. I'm glad I'm not much of a gambler.

There's no doubt that **Amazon** has accomplished great things, both in redefining the movement of merchandise to consumers, and in raising the visibility of books to the average person on the street. Both accomplishments are worthy of note. Still, I've never had much use for **Amazon** personally. I'm not much of a bestseller reader, and I find I can feed my eclectic reading tastes by wondering through bookstores, or perusing the "shelves" of other e-traders like **Alibris** or **Powells**. From a professional standpoint, **Amazon** has never been much of a competitor; it is too cumbersome and expensive to meet broad-enough library needs to be a viable, broad-based option for the kinds of material supplied by most library booksellers.

While **Amazon** is not a serious competitive threat to service-oriented library suppliers, it represents another kind of threat by giving the impression that businesses can offer deep discounts, sustain significant ongoing losses, and yet somehow thrive in the marketplace. While logically we all know that such a reality is no reality at all, the commanding presence of **Amazon** in the world of commerce clouds our ability to understand which rules of business still apply and which have been replaced by new rules created somewhere out in cyberspace.

By my reckoning, **Amazon** is no more a bookseller than **COSTCO**, or **Walmart**. Including books in a vast electronic inventory of available consumables does not a bookseller make. Its real business seems to be to provide a structure through which individuals can build wealth through the purchase and inflation of stock. Few people, if any, have invested in **Amazon** because of the proven strength of its business practices as a book-seller.

From the traditional measures of profit and loss, no such strengths exist. Rather, **Amazon** is the equivalent of a giant pyramid scheme from which hundreds of thousands of people have hoped to get rich quickly. While vast numbers of people have gotten rich this way, the model is wrong-minded and ultimately doomed to fail. There's no reason why companies whose names end in dot-com should be excused from the traditional demands of meeting their overheads that corporeal enterprises have been subject to for centuries. When a business's income falls short of its expenses, its options are fairly simple: improve internally and externally in order to achieve profitability or close up shop. What you can't do is continue to pile up losses indefinitely on the assumption that enough people will continue to buy your stock as to make profitability irrelevant. Yet isn't this the model so many people have embraced with **Amazon**?

What is **Amazon.com**'s mission? If it is a bookseller, then the company is eventually going to have to own-up to the realities of book distribution that the rest of us learned years, if not centuries, ago. If books are merely an excuse for generating revenues via other means, they've picked a curious medium for achieving their goal; books are so low margin, there is no basis upon which you can offer deep discounts and expect anything but financial losses. If you wanted to use products to assure **Amazon**'s advertisers of a lot of traffic, wouldn't you want to pick something less labor-intensive and more profitable than books?

In the 1960s, the *Saturday Evening Post*, that bastion of Norman Rockwellism on which so many of us grew up, started giving away subscriptions in order to drive up circulation. The intention was to make lots of money by being able to charge advertisers more, based on increased circulation. Indeed, circulation did go up, but advertisers, wary of the suicidal way in which it was gaining new readers, did not buy more ad space. Shortly thereafter, the *Saturday Evening Post* ceased publication.

Whether **Amazon** recognizes it or not, the editorial content of real bookselling operations is service, for which customers have to pay fair prices for the titles acquired. Involved in the bookselling task are a plethora of operational costs and diseconomies, the management of which requires enormous skill and experience. Technology, in and of itself, will not substitute for that experience. **Amazon**'s problem, and it has a big one, is that it hasn't prepared itself to live the life it has chosen. Assuming that its stockholders eventually insist that it become profitable, it will have to choose either to modify its business practices to address the harsh realities of bookselling, or find a more appropriate catalyst than books for running an advertising business.

When the balloon bursts and the novelty of e-commerce wears off, **Amazon**, and other IPO-rich electronic businesses will have to learn to live within the same parameters of good business and good bookselling that have been exemplified by more traditional companies. Until then, I will continue to wonder at a world in which an enterprise can exponentially increase its losses, yet go on counting its wealth in dollars numbering in the billions.

Bestsellers in Zoology from page 60

Hume, Ian D. *Marsupial Nutrition*. Cambridge Univ 1999 \$54.95 Paper 052159555x

Naveen, Ron. *Waiting to Fly: My Escapades with the Penguins of Antarctica*. William Morrow 1999 \$25.50 Cloth 0688158943

Hall, Brian Keith, 1941-. *Neural Crest in Development and Evolution*. Springer-Verlag 1999 \$74.95 Cloth 0387987029

Albertus, Magnus, Saint, 1193?-1280. *Albertus Magnus on Animals: A Medieval Summa Zoologica*; transl. by Kenneth F. Kitchell. Johns Hopkins Univ 1999 \$150.00 Cloth 0801848237

Skutch, Alexander Frank, 1904-. *Trogons, Laughing Falcons, and Other Neotropical Birds*. Texas A & M Univ 1999 \$29.95 Cloth 0890968500

Ligon, J. David. *Evolution of Avian Breeding Systems*. Oxford Univ Press 1999 \$98.00 Cloth 019854913x

Shi, Yun-Bo. *Amphibian Metamorphosis: From Morphology to Molecular Biology*. Wiley-Liss 2000 \$85.00 Cloth 0471244759

Rumpf, Georg Eberhard, 1627-1702. *Amboinese Curiosity Cabinet*; ed. by E.M. Beekman. Yale Univ Press 1999 \$45.00 Cloth 0300075340