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Don't Discount Your Vendor

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In a paper presented in the early 90's, **John Secor**, President and CEO of **Yankee Book Peddler**, predicted, in front of a large **Charleston Conference** audience, that the bookselling industry would not be exempt from the business consolidation wave that was affecting many other industries at the time. He suggested, rather firmly, that the landscape of book vendors would change radically within a five-year period, implying that perhaps only five book vendors would survive the anticipated consolidation.

Well, that five-year period is here and John was right. What we have witnessed in a relatively short period of time is the collapse, combination, or consolidation of a number of major booksellers. This list includes **Ballen Booksellers**, which sold its assets to **Blackwell North America** in 1995; **EBS**, a company founded in the 40's which liquidated in 1997; and more recently, **Academic Book Center (AcBC)**, which was sold to **Blackwell's** in 1999; and **Yankee Book Peddler (YBP)**, which was sold to **Baker & Taylor**, also in 1999. Despite the trends, the **YBP** sale still surprised us, but why?

> ***"... time does strange things to our collective memories."***

While it may not be obvious to you why we are experiencing such a major reorganization in our industry, it is to me. In every example I have noted, each transaction was financially motivated. These companies made the determination, based on market factors, whether it would be in their best interest financially to accept consolidation in one form or another, or simply to leave the industry. We may hear that vendor A merged with vendor B because they determined that combining the strengths of both organizations would better service their library clients. That, however, is not the reality. What drives booksellers and subscription agents to merge, sell, and liquidate are the same factors that fuel computer and chemical companies to do the same.

While we are all involved in a very noble industry, what should not be forgotten is that booksellers are in the business of providing the best service possible, while at the same time achieving reasonable margins and earning a profit. Surely every bookseller would like to present an image, a perception, that would suggest that they exist simply because they enjoy working with libraries and publishers. This may be an oversimplification, but the point here is that all booksellers are motivated by success and their success is measured by one thing and one thing only, how much money they earn.

I have read all of the Web announcements, press releases, flowery representations, corporatespeak, and interviews about why **YBP** or why **AcBC**, for example, chose to consolidate at this time. If anyone reading this article doubts the real reason, understand that each of these companies was strategically positioned to warrant the best price for their companies at the time that they were sold. The acquiring companies, for reasons that are not necessary to discuss here, strategically decided that it was in their best financial interest to make the acquisition when they did.

Still the question you might be asking is why? What is happening in our industry to encourage such activities? Can we identify the reasons? Can we prevent further consolidations? Do we want to? I think the reasons are obvious to all of the remaining booksellers and will soon become obvious to the librarians and libraries we serve.

Considering the many demands placed on booksellers today, which require a significantly greater reinvestment in their companies than was the case just ten years ago, the answer is right before us. Consider further the financial burden on booksellers to provide unparalleled automated services and technical support while library material budgets increase only marginally. In fact, the demands on library budgets to select materials from a broad range of print, media and electronic products have grown almost exponentially. Added to this, is the expressed desire of libraries and their administrators to "outsource" cataloging requirements formerly performed in the library. Long gone are the days when booksellers were indeed that--booksellers. Today we are that and so much more.

When **Ambassador Book Service** was formed in 1973, the most common phrase I heard among academic librarians was, "don't put all your eggs in one basket." This caveat was coming on the heels of the recent demise of the **Richard Abel Company**. Librarians did not want to repeat the mistakes they made when Abel folded. They did not ever want to become too dependent on one vendor. Imagine how disruptive it would be if your primary firm order and approval vendors went belly up in the middle of the fiscal year? Unfortunately, time does strange things to our collective memories. History is history. We think that what happened then, won't and can't happen now. Why not?

Combining the Richard Abel "don't put all your eggs in one basket" experience, which is too frequently ignored today, with the new technological and technical demands on booksellers, we can almost understand why booksellers are being forced to consider mergers and acquisitions as a real alternative. Of course, there is one more critical factor driving this trend among booksellers and that is the pressure to increase discounts that are already historically high. Booksellers will increase discounts, either in response to other booksellers, to capture market share in the hope that they will outlast their competitors, or simply because libraries are positioning themselves to ask for and receive higher and higher discounts. What most of the acquired and acquiring companies decided is that they stand a better chance of surviving as a new combined entity. These companies apparently determined that they simply could not afford to achieve in the long term, all three objectives—technology, outsourcing, and competitive discounts, and still remain viable.

If libraries want to continue to have the opportunity to choose their book vendor and not be limited to selecting a vendor from a choice of just two or three, and in turn not fall prey to experiences of the past, now is the time to act. Libraries should be more sensitive to the dynamics involved and be more aware of the market forces at work. While I consider myself an entrepreneur and a strong advocate of a free market economy, I believe our industry can only avoid further downsizing and consolidation if libraries take a more active role in maintaining a balance between the various basic and value-added services, and discounts offered by their book vendors. Perhaps in this way, libraries will always have a choice.