Libraries and the Online Book World: Where We Have Been and Where We Are Going

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Confessions of . . .
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accepted only under certain conditions are not
signs of buyer friendliness. Do they have a
phone number? Say who they are? Make grandiose claims?

It would be nice to always know whom you are
dealing with. I receive enough thank yous
and hope-to-do-business-in-the-futures to be led
to think most customers would be happy to buy
something from me again. Sadly, unless I can
come up with another book for them about the
land snails of the Andaman Islands, I suspect I
won't, but I try to treat everyone as if I had ten
shelves full.

While I'm certainly negatively skewing the
income figures for people with Master's degrees,
I do honestly enjoy my work. Last summer at a
flea market I found, scattered in a box which
seemed to contain everything including parts
to a kitchen sink, some typewritten sheets for
"A Proposed Handbook on the Natural and
Human Resources of the San Joaquin Valley" by a committee at a college there. No information
was available anywhere about it; it was possibly
the only copy of this snapshot of the area
on the eve of the development boom. Happily,
it was purchased by the type of customer I most
wanted it to go to, a library in that area. O
immortal Vespasiano and Poggio! Smile down
from the heights! 🙏

Libraries and the Online Book
World: Where We Have Been and
Where We Are Going

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Since the earliest days of printing, libraries
have been important customers of printers and
publishers and of sellers of used and out-of-print
books. And for more than 500 years, the rela-
tionship has not essentially changed. Publishers,
printers, religious institutions, schools and
universities, government institutions, and indi-
viduals, among others, would produce books in
all their various forms. They would then offer
these directly to customers or through interme-
diaries, like booksellers and publishers. Even
before Gutenberg began publishing books in
quantity, there was a lively trade in used and
newly produced books.

The common belief these days is that com-
puters, and computer networks (Internet based
and private) have changed all that. Many people
think that the Internet, and its various methods
of selling and exchanging books, is altering how
booksellers and publishers and their customers
do business. That is simply not so. The machin-
ery may be different, but the process has not
fundamentally changed. Why? Because it
doesn't need to change.

A Brief History of Pre-Internet
Online Database/Information Sites:
The first serious attempt to create a book
listing service was Interloc. I formed it as a
company in 1983 and produced a business plan
based on the used auto parts network model.
The plan was reasonable, but the concept of an
electronic marketplace for out-of-print and
scarce books was too new to get funding, so
Interloc was put on hold. But only on hold - the
idea remained fresh and continued to develop.

There were several halting, unsuccessful at-
ttempts to create a computer driven system that
would link buyers and sellers of out-of-print
books, but the first one to show some signs of
being successful was BookQuest in 1989, which
was the first dialup service to have more
than 100 bookseller subscribers. BookQuest
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was owned by the Faxon Corp., a large company with 100 years of experience providing subscriptions to libraries worldwide. There were actually two components to the system: BookQuest for monographs, and SerialsQuest for journals. When the Faxon leadership discovered that their investment was going nowhere, they told BookQuest management to find someone who could help them fix it. I was called in as a consultant and later hired as a VP, but my insistence that they needed to re-write their software and change their business plan, including their methods of charging users, fell on deaf ears. Faxon closed BookQuest in May of 1993.

After BookQuest failed, I pulled out the old Interloc business plan and began to work on reviving the idea. Several booksellers and some librarians who were using BookQuest to buy and sell called to encourage me to start a listing service. It would be a kind of automated AB Bookman’s Weekly that booksellers could use to find books for customers by listing “Wants” and to sell books to other dealers for their customers or for stock. In those days, publishing was the natural business revenue model. That was because AB Bookman’s Weekly was a mostly dealer-to-dealer environment, even though a few collectors and libraries subscribed. The idea of a listing service collecting a commission for an online sale was as foreign as AB Bookmar’s Weekly trying to collect a commission on a sale generated by its Want ads.

Past failures made it clear that Interloc had to be better technically and much easier and more comfortable if it was going to be successful. Before I decided to do the project, I called Tom Sawyer, a software developer who had worked with booksellers in the past and asked him if he could work with me to design an online dealer-to-dealer system for buying and selling books. After several long telephone conversations, he told me he could do the job but that we would need a computer network and systems expert to set up and run the data center. For that job, he recommended Brad Councilman, a computer consultant who had been supporting dealers for years in the Connecticut River Valley area of Western Massachusetts, which has one of the highest concentrations of antiquarian booksellers in this country.

From talking with these two gentlemen, I realized that this would take money (several tens of thousands of dollars) and, most important, would put me in the position of running a company from a distance, dealing with two people I had never met. I would have to be willing to trust them with my money and that of investors, with my vision as it was modified by their experience and knowledge, and with my reputation, such as it was, in the book trade.

Furthermore, we would have to design and code software for both the back-end system and for the booksellers to use, software that had never been conceptually written. We would have to create a hardware architecture that supported the flow of information we envisioned. It would have to be totally secure and reliable and yet be capable of working through existing telephone lines on most computers. We would have to make the whole thing work on a fully automated basis, controlled by the very booksellers who would make use of it. And, we would have to do it with three people in six months.

The whole idea was, frankly, crazy. But I had learned in working in the book business for about a dozen years that honesty and trust are essential to the working of the book trade. Would it be different working with programmers and technical consultants? It might, I believed, so we formed a corporation, issued the stock, raised some money from friends and a few booksellers, and launched what was actually the second iteration of Interloc in mid-1993.

For anyone interested, the name “Interloc” was one I derived from the term “interlocutor,” meaning a person who facilitates a communication between two other parties. For me, at the time, it defined the nature of the listing service model for books. Interloc customers were the booksellers. We were like a newspaper classified advertising service. We derived income from booksellers, but we did not participate in the transaction between the booksellers who subscribed to the service and their customers. Our advertising campaign was directed toward getting more dealers to subscribe. We held workshops all over the US and even in London, England, to help train booksellers on the use of the system and our software, the Interloc Record Manager. We also advertised in bookseller magazines, like Firsts, Book Source Monthly, and others.

During its first two years, from 1993 to 1995, Interloc created many of the features we take for granted today, but it did so in a pre-Internet world. For example, we developed a very sophisticated and successful Want matching service, and we created “Best Seller” and “Most Wanted” lists.

The Internet Begins —

In 1995 the Internet went commercial. Within a year, two Interloc customers, Michael Selzer of Farshaws Books in Mass., and Rick and Vivian Pura of Timeline Books in Victoria, BC, launched listing services similar to Interloc, namely BiblioFind and The Advanced Book Exchange. The Internet made the investment in such services relatively small; while the companies needed to develop software to search and display books online, they did not need to develop any software for their bookseller clients (Interloc already had

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done that) and they did not need any telecommunications infrastructure like 800 numbers, rollover switches, and multiple phone lines. The Internet replaced all of that. And they didn’t even need to find customers — both of them, as Interloc subscribers, had our complete customer list. They didn’t steal it — it was available to everyone.

In a few months, my partners and I realized that the small amount of money needed to start an Internet listing service would eventually make it possible for just about anyone to get into this business. For this reason, I believed that Interloc, as a listing service, had a limited time to live. So in 1997 I began casting about to find a new business model that would make it possible for Interloc to survive in an Internet-focused world. If Darwin taught us anything, it was that if you don’t adapt, you die.

The business concept I settled upon is one familiar to all booksellers. Instead of being a listing service, we created, with the help and guidance of new partners like Martin Manley, Brian Elliott, Shelly Stuard, and others, a new bookseller service called Alibris. We dropped all listing fees and, instead, earned our money only when a customer bought a book from one of the booksellers who made their stock available to us. To make the business model work, however, we had to do a lot of sales and marketing and, by doing so, make more buyers aware of the rich selection that the used and out-of-print book world had available. So far, it has worked, and Alibris continues to make changes to its business model, as do many companies that try new approaches to established markets.

Many of you know that this change from Interloc to Alibris was not the most popular decision in the history of the business. Even though Alibris was closely modeled on the role of the traditional bookseller, many dealers, especially those who were familiar primarily with the listing service model Interloc had pioneered, didn’t like it. Alibris bought books from other booksellers at a discount and sold them to its own customers. This was standard practice for hundreds of years in the book trade. Alibris also bought books for its own stock. Again, standard practice. And when Alibris offered a book to one of its customers via its web site, it did so under its own name. Once again, standard practice. Many booksellers familiar with the long-standing practices in the business understood what we were doing. Others, many of whom were new to the business or were focused primarily on the Internet, took some time to get used to it.

We also learned a lot once we got into the flow of the business. Not all sellers actually kept good records; when we launched Alibris, we had sellers that filled less than half of their orders. These weren’t bad people, but they had to adjust to the changes in the business model, and not all were able to do so successfully. We also had “sellers” who were copying records from other sources and representing them as their own. Since Alibris guaranteed customers’ satisfaction, this was painful for our customers and our business — and we have had to monitor and remove many of these dealers as well.

I still think the change from Interloc to Alibris was a smart move, because in the past half dozen years more than 60 listing services have appeared on the Internet but almost all of them have failed. The rest (not counting ABE) have had trouble getting dealers to list with them because they produce almost no business for their subscribers. The reason is quite simple. Interloc worked as a listing service because the customers who subscribed were also the customers, just like AB Bookman’s Weekly. It was a dealer-to-dealer community in which transactions were carried on between dealers. Booksellers kept and served their own customers with the help of other Interloc subscribers. But on the Internet, all of this changed in three fundamental ways:

1. With the explosion in the number of people using computers and the Internet, any and everyone can become a bookseller. It takes no training, no knowledge of buying, no investment, and, most important, no reason to support the long-standing conventions and ethical standards that have made the antiquarian and used book trade so attractive to the small number of dedicated people who have worked for hundreds of years to build and sustain it.

2. Pre-Internet bookselling was about the booksellers themselves — their sources, their knowledge, and their customers. To the degree your stock was unique and your customer service was good, the business was about you. In those days you sent out your catalogs and found books for your customers, but you never, never shared your mailing list. You kept your customers coming back to you. This is why Interloc was designed as a dealer-to-dealer community.

In the Internet bookselling, on the other hand, is not about the dealers. It is about the customers. That is easy to say, but the implications are enormous and they are just beginning to be understood by most booksellers. For example, it is customers, not dealers, who set the prices of books, because we now operate in a supply and demand economy in books. But wait a minute. Hasn’t it always been ‘supply and demand’? Of course! What has happened is that the Internet has removed much of what business people call the “friction” from the marketplace. Instead of expensive, slow and necessarily periodic paper publications (like catalogs and magazines), or technically arcane PC-based dialup databases like Interloc, which were dependent upon expensive proprietary telecommunications infrastructure, we now have the Internet, which is an immediate, inexpensive, transparent, high bandwidth infrastructure available to practically anyone, seller or buyer.

The promise of the Internet for booksellers has always been a seemingly ever-increasing number of customers. This is, to some extent, still true. The problem, however, is that there aren’t enough customers. It is that there are far, far too many books. When the supply of some titles exceeds the demand for those titles, prices fall. And when prices fall, customers demand lower prices by not buying at higher prices. They are willing to wait for prices to fall because, in essence, the number of books that are truly “rare” has fallen sharply. Even the scarce books sometimes suffer price deflation simply because customers see so many books online that they assume that all books are common.

There are many titles, millions probably, that are nearly un-saleable today. For these books there is so much supply that prices have fallen to nearly zero (or 1 cent on Amazon.com). This has already happened with some books we thought would remain scarce, including signed copies of the first printings of works by major writers of fiction, history, cooking, travel, art, photography, self-help, religion, biography, and other areas.

Too brief stories will illustrate what I mean. The first is an incident that happened at the Boston Book Fair in 1997. A partner and I had a room next to the book fair venue where we showed the Internet version of Interloc to potential customers — booksellers and book buyers. Our agreement with book fair management was that we would not allow people to search books online for fear they would do price comparisons in order to haggle with dealers at the fair. We demonstrated the service but only used a few commonly available books as examples. About halfway through the second day of the fair, the book fair manager came to our room and asked if we were allowing people to do searches. We weren’t and told him so. He left satisfied. Then he returned in an hour or two saying that booksellers were complaining that customers were looking at the books in the fair booths, making notes, and then leaving the fair. They were then coming back to the booths saying that they had found a similar copy on the Internet for less money and offering that reduced price to the bookseller, who more often than not was very unhappy. It turns out that a listing service was set up in the non-ABAA fair across the street and was allowing people to do searches to compare prices on books that they found at the fair. The customers were setting the prices, and if they couldn’t buy at the price they wanted to pay, they went home and bought the book via the Internet or they waited until the price fell to one they were willing to pay.

The second story is about a dealer I know in the mid-west who a few years ago purchased several boxes of signed first edition hardcover copies of Elmore Leonard, Robert B. Parker, etc. Continued on page 32
Not All Bad News

Since books are one of the easiest, most natural commodities to sell on the Internet (along with CDs, Videos and DVDs), more and more large and small companies are getting into the Internet bookselling business, just as it was initially easy for book listing services to start up. Now individual booksellers are both cooperating with and at times competing against the larger Internet book companies, including Amazon, Barnes & Noble, eBay’s Half.com, Buy.com, Alibris, etc., etc. I predict that as these large companies grow their customer lists and their sales, the number of people buying from traditional listing services will dwindle. Collectors will continue to use listing services and any other venues that may have books they want, including auction sites. However, as a rule collectors purchase one book, or very few, at a time. But buyers, including individuals, businesses and libraries, of more general books — fiction, self-help, how-to, reference — are migrating to larger, more service oriented sites. Customers want what customers want, and most Internet buyers want easy one-stop shopping, low prices, and secure transactions. They also want interesting jargon-free content and more natural searching, and they mostly want books that have been published in their lifetimes.

Internet booksellers also have learned much from their customers in the library market, and this customer feedback has caused some of the larger sellers to add services and features dedicated specifically to the library market. In the mass of books available for sale these days, it is unusual for libraries to find an individual bookseller who has most or all of the titles they want, and that causes a problem because, as most librarians tell us, each book bought from a different vendor costs them more money in processing and staff time. It is, therefore, both reasonable and necessary for libraries to purchase as many books as they can from one vendor.

Having said that, it is difficult even for larger companies to create the systems and services librarians need to get their jobs done quickly and efficiently while staying within budget guidelines. One of the values the new breed of Internet booksellers can bring is library-specific services, like customized invoicing, consolidated shipping, and other services libraries want if they are going to keep their cost per book at a reasonable level. An obvious example is the servicing of want lists. Anyone can have a stack of cards or a computer printout at hand and search the Internet for books. All that takes is time, one or many people, and a good deal of patience. This process, or a variation of it involving printed catalogs, has been employed for many years and is still useful providing the list of books wanted is relatively small.

But what happens when a library needs to replace hundreds or thousands of books damaged in a flood or fire? What does an institution do when it needs to add a library to support a new research or educational program? Searching one-at-a-time for a few dozen books is relatively easy; searching for 15,000 is possible but very time-consuming and expensive. Libraries with a sophisticated technical staff might be able to create a system that will automatically search for books wanted, but even if they do, the purchasing of those books from dozens or even hundreds of different vendors still does not address the other expenses involved in purchasing, delivery, guarantees, and forms processing from multiple vendors.

Wants matching is only one example of how new Internet-based companies like Alibris and the systems they are creating can help libraries that are chronically faced with budget and staff shortages. Other projects and processes will be developed as libraries identify areas of need, and companies committed to serving this market will work with librarians to provide more efficient services at a lower cost.

The changes that have taken place in just the last five years are dramatic, even revolutionary. Sometimes we hear people talk fondly of the good old days. My memory of those days was talking with an acquisitions librarian at The Ohio State University, where I taught and chaired the library committee for the English Department, about finding out-of-print books for faculty members doing research. She surprised me by telling me she had a small stack of letters from booksellers. “Help yourself,” she said.

We have come a long way from that!