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Between a Rock and a Hard Place: The Realities of Flat Discounts

by **Howard N. Lesser** (President, Midwest Library Service, 11443 St. Charles Rock Road, Bridgeton, MO 63044; Phone: 800-325-8833) <HLesser@midwestls.com>

It's often standard practice for library consortiums and many libraries to ask for simple flat discounts. Why shouldn't they? Flat discounts are easy to understand and, more importantly, are easy to compare.

As a book vendor, we are often asked about offering flat discounts, and bidding on a state contract often requires a form that only allows a single discount, regardless of the publisher. Although the single-discount world might appear to exist, the truth is that all flat discounts should require an asterisk.

We work with more than 20,000 publishers. Each has its own procedures, and discounts vary wildly between publishers. Some offer flat discounts; others offer multiple discounts based on a variety of factors; and many offer no discount at all.

Discounts vary because of the publishers' method of selling in different categories. For example, publishers supplying trade books to public libraries, major booksellers, and large-scale retailers (e.g., **Walmart**, **Amazon**) can afford to offer volume discounts. Discounts on educational and scholarly books for academic institutions, however, tend to be significantly smaller.

Due to changes in the industry, publishers' business plans have also transitioned. Print-on-demand, short runs, and eBooks seldom allow for a discount, and adding yet another layer to the issue are book distribution centers that represent multiple publishers.

It wouldn't be that difficult for a publisher to adjust list pricing so that a consistent discount could be offered. But the reality is that publishers have no real interest in changing. As a result, vendors trying to remain viable

are caught in the middle between customers desiring flat discounts and publishers offering discounts that are far from flat.

The question is, how do vendors bridge the gap? First, let's assume that no vendor will intentionally offer discounts at an unprofitable level. Presuming the publisher offers a discount, vendors will seek to offer a discount that will appeal to the customer and allow at least a minimal profit. To quote a flat discount, the vendor is required to make assumptions on the mix of discounts available from the publishers. If vendors are honest, they know this could better be described as merely an educated guess.

The publishing industry is clearly mature and well established. Its patterns and practices are set (mostly in stone). For the sake of comparison, however, let's consider vendors of other common products. Suppose there were a fixed price for a car, regardless of size, power, or features. Imagine a set price for lumber, regardless of wood type, grade, or tensile strength — or for carpeting, regardless of material, density, or durability.

How would car dealers, lumberyards, and carpet manufacturers respond? Two possibilities: They could price their products based on an anticipated mix, or they could devise a strategy that required no assumptions regarding the mix.

State contracts or agreements often set a firm discount, without exception, and every

state has its own contract requirements. When bidding, the book vendor is faced with trying to accommodate discounts that vary by state, university, and publisher — or to come up with an alternative. And here's the catch...

While the vendor is obligated to sell the books at the contractual discount, the vendor is not actually obligated to provide all of the books that have been ordered. Any books that can't be profitably supplied at the agreed upon discount can simply be cancelled as "not available."



Furthermore, vendors are not obligated to disclose why a book is unavailable, so it's a no-cost choice to the vendor. Yes, there is a cost, but it's borne by the customer. Often weeks later, the customer is left with an unfulfilled order and must

make a choice. Either accept that the book can't be found, or reorder from another vendor. And these actions require staff time.

The discount issue is a challenge for vendors that focus on order fulfillment, and for well over half a century, we have considered order fulfillment an absolute priority. Our fulfillment rates exceed 95 percent (while other vendors hover in the mid-70-percent range). For us, this is only possible by using flexible discounts and ignoring the variability of publisher discounts.

Libraries order books, and we believe it's our obligation to make a complete and honest effort to fulfill their orders. 🌲

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make one point. At this rate, we'll eventually wake up **Congress** to take another look at copyright. I hope I don't need to remind anyone that the last three times **Congress** did this, it only made things worse. Do the numbers 70 years after the death of the author, 95, or 120 ring a bell? The old joke about the opposite of Progress being **Congress** is hilarious, of course, but especially when used in conjunction with copyright.

While most of what I read about copyright borders on the pejorative, no one really calls for copyright here to mimic what it is in China. And yet this strikes me as the only place left for us to go. If the information-wants-to-be-free crowd wins the day — and they are, of course

— then who are we, those of us who create content, to try to stymie them at any juncture for whatever they want? What is yours is theirs and what is theirs is theirs. If our current copyright laws are draconian and debilitating to those who want and need information, then why not make it the Wild West of Copyright here at la China, the Wild East of copyright?

It sounds silly, I know, but why not let the decision to make something free to everyone be made by those who create the information that ostensibly so many people want? Is it too much to ask that we allow them to decide if they will make their information available on Creative Commons or some other open access venue rather than letting those who had little or nothing to do with creation of said information make it for them? Sure, if we do it this way we won't get everything, but then, the search for information has never been a zero sum game.

It's always been piecemeal at best, and that piecemeal approach worked pretty well because it forced those who want more to reflect a bit and perhaps create something on their own. In other words, it helped to make us all both users and creators. The last thing we need is for yet another divided world between competing creeds, or more disincentives for those who create content.

When you think about it, copyright has worked pretty well in this country, and it has allowed the rich and the poor, the intelligent and the clever, the enterprising and the flippant to be successful. Are we ready to jettison something that has worked pretty well for something we not only don't know is going to work, but have some preliminary evidence that it may in fact imprison that very thing it hopes to liberate? 🌲