Bet You Missed It-technology and literary agents

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Dotcom Goes Out With a Whimper
by Bruce Strauch (the Citadel)

It was a mere year ago that e-commerce began to seep into the
country's consciousness. Lyle Bowlin's Internet bookstore
wwwPOSITIVELY-YOUGOT.com got at lot of coverage in print and TV
media. The publicity killed him. Overnight sales shot up to
$50,000/month and his home op-
eration in Cedar Falls, Iowa, was
overwhelmed. He only raised
$90,000 in capital and when he
had to quit his day job to pack
boxes, the money ran out quickly.
Plus he had undercut Amazon
and ended up with a gross profit
margin of six cents on the dollar.
Meanwhile Barnes &
NOBLE.COM is growing fast but
still losing money. See —
Julia
Angwin, "Anatomy of a Net
Booksellers' Rapid Rise and Fall,"
The Wall Street Journal, March 1,

Don't Like the New Economy? Sue It.
by Bruce Strauch (the Citadel)

MP3.COM got its start helping
unknown artists store and share
their music. No longer did they
have to mail tapes to agents and
friends — they could send a link
to the music. 50,000 wannabes have music on the site. Then on
January 1, they unveiled their new
product — "Da Bomb." MP3.COM
provides a Web storage locker.
You verify actual ownership of a
CD, then tap into a database of
CDs created by the company to
listen to "your" CD from any con-
nected computer. A "streaming"
process makes it difficult to pi-
rate music. Every day, 1,500 new
CDs are put into the server. Ten
big music companies (I almost
said "record" companies—
badly dating myself) charge people to borrow CDs to
stock their own collection and
can pass around passwords to
promote listening access. See —
Don Clark and Martin
Peers, "MP3
Chief: SEC and
Rocks Music,
The Wall
Street Jour-
nal, March 1,

Do Not Go Softly Into That Goodnight
by Bruce Strauch (the Citadel)

Accepted wisdom from high-
tech zealots has newspapers van-
ishing in a trice. And there are
multiple signs of their being mori-
bund. One-city newspaper mo-
nopolies put together "the
arrogance and insolence that
comes from an absence of direct
competition with a defeatist atti-
date to other and newer media.
And those papers are pretty gosh-
darn boring. But the newspaper
retains its portability plus some-
things you don't think about
much—it's nonlinear. You can
engage in random reading. A big
fear of papers was losing the clas-
sified ads. But creative use of
their own Websites and linkages
with other papers to create a re-
gional Web has kept them in there
as players. And curiously, the In-
ternet seems to be more of a threat
to television. T.V. viewers have
dropped in greater proportion in
two years than newspaper circula-
tion did in thirty. See —
Conrad Black, "Don't Write Off
Newspapers Yet," The Wall Street

Now That's a Jigsaw Puzzle!
by Pamela M. Rose (State Univ. of New York at Buffalo)

In September of 1997 an
earthquake that shook the town
of Umbria, Italy, just 118 miles
south of Florence, collapsed a
section of the vault with its price-
less 13th century frescoes in the
Basilica of St. Francis in Assisi.
After 12 seconds of violent shak-
ing, 2,300 square feet of the fres-
coes shattered into tens of
thousands of fragments. Sergio
Fusetti didn't accept the word irre-
parable and instead has over-
seen an artistic restoration,
coordinating the painstaking ef-
fort to reunite the fragments of
painted plaster into their former
glory. See — Richard
Covington, "An Act of Faith &
the Restorer's Art," in
Smithsonian, p.76-85, Nov.
1999.

It's Because I Never had the BIG BOX!
by Pamela M. Rose (State Univ. of New York at Buffalo)

The fascinating history of
Vinney & Smith Crayola Cray-
on is delightfully detailed in this
piece accompanied by full color
drawings of the product. While the effects
(including the unique
signature odor) are secret, the
author takes us through the manufac-
turing process with a liberal
dose of nostalgia, including data on color name changes. See —
Beth Py-Lieberman, "The Col-
ors of Childhood" in
Smithsonian, p.32-36, Nov.
1999.

Who Needs Agents
by Bruce Strauch (the Citadel)

Or publicity
campaigns. Or paid
consumer advertising.
Robert
Kiyosaki and
Sharon Lechter self-
published Rich Dad, Poor Dad, a
self-help book on — yes, being a
rich Dad. They made use of a

Technology and the Reader's Advisor
by Joan Loslo (University of Northern Iowa)

Technology now provides
readers with access to individu-
alized advice concerning books.
Collaborative filtering, in which
thousands of people are asked to
share their opinions concerning
books, provides readers who are
eager for guidance with an oppor-
tunity to find out what persons
with similar interests have en-
joyed. Rather than relying on the
advice of a single reviewer, read-
ers can access the recommenda-
tions of many other readers
through sites on the Web. See —
Malcolm Gladwell, "The Sci-
ence of the Sleeper," The New
Yorker, vol. 75 (29) (Oct. 4,
Another IPO Flop  
by Bruce Strauch (the Citadel)

In 1993, Savour had $30 million in investor money and was going to re-write the rules of magazine publishing. Publisher Chris Meigher figured he had no need to discount the subscription price to drive up circulation and draw advertisers. His baby-boomer readers would pay top dollar for the high-end food glossy as well as Garden Design and Quest, a chronicle of Manhattan society. Investors putting up the $30 million were drawn by the promise of lucrative stock warrants when a big public offering would be made. Then magazine sales on newstand stands in general plummeted. And IPO money stamped on dot.coms. Meigher lost a million investing in Europe Online, an imitation of America Online that flopped. Production costs were running $25 million/year. Meigher was lambasted for living lavishly out of the company. Now it's sold for $7 million plus the assumption of $8 million in debts. That's drastically down from the $60 million asking price two years ago. The original investors of the $30 million? They'll get about $2 million to divvy up. See — Matthew Rose, “Missteps Make a Once-Glossy Magazine Publisher Loses Its Luster,” The Wall Street Journal, Feb. 18, 2000, p.B1.

Fortunate Heirs  
by Bruce Strauch (the Citadel)

Copyrights run out 70 to 90 years after the death of an author. But Trademarks go on forever if you use them. A.A. Milne’s heirs are making a mint through partnering with Disney to market Winnie the Pooh products. Gross sales are $6 billion a year. They’ve doubled in five years vs. 20% growth for Mickey, Minnie et al. Ditto although not quite so big curios George ($700,000 a year) and all the Seuss properties (movie rights to the Grinch sold for $5 million). Charles Schultz raked in a lot during his lifetime, but with the right handling his heirs will be plutocrats. — See: Louise Rosen, “Don’t Pooh-Pooh the Pooh Bear,” Forbes, March 20, 2000, p.184.

Cases of Note  
from page 58

Injecting some Balance

The Court notes that the injunction seems to give Hearst by law what it could not get through negotiation with Cahners. Well, yes, it does rather.

Nichols could promote itself as having the exclusive right to print books bearing the Chilton name. But the books do not contain original or updated Chilton times. Hearst owns the copyright to those. Nichols had an obligation to refrain from creating confusion.

If you think about that real hard, the result seems fair: I guess. And it is just a preliminary injunction. They still have to go to trial.

The injunction mostly ordered Nichols to stop the outrageous telemarketing claims and ad promotions. But it left ominously undecided the issue of the title of the book and the green and orange colors.

It scheduled a conference on that.

Dum-da-dum-dum. Yes, Nichols is looking at their whole publishing schedule potentially being thrown out of whack and having to do a massive reprinting job.

Don’t You Wish You Had Some Stock Options?  
by Bruce Strauch (the Citadel)

Dot.com frenzy is doing nicely in India where Azim Premji, chairman of Wipro, India’s second-biggest software exporter, is worth $30 billion. Not bad for a guy who dropped out of Stanford to take over the family cooking oil business. And of course our Bill Gates is now partnering with Wipro for software development and testing in India. What’s the deal? A whole lot of investors and not a lot of stocks to chase. Plus Indian-Americans with around $50 billion to invest. And those pin-striped American venture capitalists are taking Indian companies public in Western markets awash with capital. The strangle-ulation of autarkic government regulation makes the Indian stock market an unattractive place to launch an IPO. But brought to the Nasdaq, Satyam Infosway, the AOL of India got a six month price gain of 900%. See — Chandrani Ghosh and Nazneen Karnail, “India’s $30 Billion Man,” Forbes, March 20, 2000, p.144.