

The Beautiful Plan

~ Publishing Strategies from Patron Saint Productions ~

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Amazon Ends Special Orders

By Gary Michael Smith

“We have exciting news!” We have decided to stop carrying small press, independently published, or any other kind of books that are not carried by major wholesalers! Pretty cool, huh?

The quoted text was the opening line of the doomsday letter I received in the mail from Amazon.com. I will admit that this single piece of correspondence from the pioneer of online bookselling was a stroke of marketing genius. Not only did it cheerily convey bleak information, it did so by offering an option that’s even more gloomy: necessitating that publishers either sell (with inherently large discounts) through major wholesalers, or join the Amazon Marketplace Program.

The second sentence of the letter went on to describe (bracketed text added here) how the “Special Order Book business [i.e., books sold directly by publishers, with or without discount] has led us to conclude that many suppliers can earn even more money selling on Amazon.com by switching their titles from ‘Special Order’ status [a designation determined by Amazon once they realize that no discount is offered] to our Amazon Marketplace program.” With such promising wording, how could one not feel a sense of elation? By reading the terms of the Amazon Marketplace Program, that’s how. Here’s a synopsis from the How It Works link on their site.

- Amazon gets a 15 percent commission on all books sold. (This is subtracted from the retail price; the publisher gets the remainder.)

- Another \$0.99 fee per item sold is also subtracted.
- The selling price of the book, minus commission and fee, is direct deposited into the publisher’s account every 14 days via Amazon Payments.
- A listing is only good for 60 days, then must be relisted.



“We’re Giving You the Boot, While Offering You a Worse Deal!”

The next paragraph states that “Because this alternate method of selling to our customers will help most publishers earn more money, we have decided to **discontinue sourcing books directly from you effective May 31, 2002.**” (Bolding not added here for emphasis; it was in the original letter.) What great news! They go on to write that they “will continue to purchase titles directly from major wholesalers, so it may be possible for us to procure some of your books through that channel.” Not a chance for books published and printed on demand and in small quantities. Then they suggest that, if I don’t use wholesalers, I’m encouraged to list my titles on Amazon.com Marketplace.

Here are the benefits of Marketplace as stated in the letter. Parentheticals are my own thoughts:

- Increased margins for many through a low commission rate of 15% (Extremely well presented, except that I’m not one of the “many” since Amazon used to sell my books at a zero percent

commission rate with no discount.)

- Decreases the time customers have to wait to receive their order (This has only been an issue because Amazon frequently delayed orders for weeks before either sending me a check or mailing my books to the buyer, even though I normally fill orders within 24 hours of receiving payment.)
- The supplier determines the price of the book appearing on the website (In the good old days, Amazon might sell books at a discount from list price — cutting into their profit, not mine.)
- Book suppliers receive a shipping credit for every order to help cover shipping costs. (Amazon charges my customer \$3.49 shipping and handling, and then remits \$2.26 to me, since I actually pay for the shipping.)

Can Someone Explain this to Me?

Out of depressed curiosity, I called Amazon to confirm my interpretation of the letter because it was written so optimistically that I couldn’t understand why I felt so badly. Here is a breakdown of what I learned.

- Whatever books currently are listed with Amazon will remain on the site. However, when I search for one of my titles now, I’m directed to a page displaying “No matches for <book title>.” Below are matches for <something other than my book>.” Then this is followed by categories

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(Amazon, continued from page 1.)

for “Cell Phones, Wireless Accessories, Outdoor Living, Classical Music, Books, Arts & Hobbies, Industrial Supplies.” Wait! There it is—listed in the third to last category Books!

- Although books that are grandfathered in are supposed to appear, they are not available for sale. A link displays “Order this item used now,” which brings you to a page where Amazon will try to locate a used copy for you.
- New titles will not be posted unless the books are available through major wholesalers.

A Dubious Comparison

Amazon's letter continues as the Special Orders Manager (who refused to take my phone call) lists a “side-by-side comparison showing the financial benefit of selling through Marketplace vs. Amazon.com Special Orders.” See the chart at the top of this page. Again, the asterisks are my own commentaries.

The letter ends with a wish “to continued sales of your titles through Amazon.com Marketplace”—just **not** through Special Orders.

Another Selling Option

In all fairness, there is one other option for publishers — joining the Amazon Advantage program. Books are bought on consignment and stocked in a distribution center. The publisher is paid at a 55 percent discount via a monthly direct deposit. Remember, though, that when you sell on consignment you become the retailer's banker, and your own book-keeping becomes more complicated.

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A Comparison of Publisher Receipts

(From a letter from Amazon.com — last column added by Gary Smith.)

<u>Example</u>	<u>Special Orders</u>	<u>Marketplace</u>	<u>My Math</u>
List price:	\$32.00	\$32.00	\$32.00
Discount/Commission:	\$22.40 (30%) *	\$27.20 (15%)	\$00.00
Additional fees:	\$22.40 (N/A)	\$26.21 (\$.99) **	\$00.00
Total margin earned:	\$22.40	\$26.21 ***	\$32.00

* I've never given a discount through Special Orders.

** This is a commission in addition to the 15 percent commission.

*** I still prefer the \$32.00 margin earned in the old days.

Results from Online Bookstore Campaigns

Here are some results of recent Online Bookstore Display Placement Campaigns to accompany the tutorial at the end of this newsletter. Hopefully, the lists will make clearer the value of this kind of work. For samples of actual displays and placement reports, please visit the Patron Saint Productions web site.

Book: *Anatomy of A Life Possessed* (Winner Episode Press)

Categories: Religion, Current Events, Autobiography, Occult

Placements: Six sites agreed to install display, including:

- The Linkup (Survivors of sex abuse by Catholic priests.)
<http://www.thelinkup.com/index.html>
- FACTnet (SuperSite covering cults and mind control.)
<http://www.factnet.org/>
- Conspiracy Journal
<http://www.members.tripod.com/uforeview/>
- Mind Control Forum
<http://www.heart7.net/mcf/index.htm>

Book: *Investing With Giants* (John Wiley & Sons)

Categories: Personal Finance, Investing

Placements: Six sites agreed to install display, including:

- About.com Guide to Stocks
<http://stocks.about.com>
- CompuServe Investors Forum
<http://go.compuserve.com/Investors>
- Suite101.com Investing and Personal Finance Forum
<http://www.suite101.com/discussion.cfm/investing/80745>
- Finance and Investment for Beginning Investors
<http://pages.prodigy.com/wealth>

Book: *In Tribute: Obituaries of Famous People* (Bushky Press)

Categories: History, Journalism, Speechwriting

Placements: Four sites agreed to install display, including:

- Loving Eulogies.com
<http://www.lovingeulogies.com/>
- The Funeral Directory
<http://www.thefuneraldirectory.com/>
- E S P E E C H E S . C O M
<http://www.espeeches.com/>
- Dead People Server - Tributes and Essays
<http://www.dpsinfo.com/dps/>