
Beyond Words *success in bookselling*

Data collected by bookstores and the
measures of success used by bookstores.

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Success is relative

Unlike many forms of retailing, bookselling is a passion, a statement about oneself, and a vocation. It has to be, as the bookseller running a bookstore will do an average of 70 hours per week. But, it is also a business and it is becoming increasingly important to marry passion and practical business sense if 'your' bookstore is going to survive and thrive.

Today, I will give you a glimpse into the business formulas that I apply to running a very successful, high profile bookstore in the city within Australia that has the highest readership and the largest number of bookstores.

Snapshot of Business

- 16 years old
- 24 booksellers
- 252,000 titles
- 600 additional titles on special order at any given time
- 180 vendors/suppliers
- 21,700 members and account customers – eg schools and libraries
- On average 500 new releases per month
- Average stock holding of 1.6million at cost

Critical numbers - Stock

- Trading terms: the negotiated price of purchasing a book from the supplier
- Stock turn: how many times a title sells through in a twelve month period
- Age of stock: the length of time a physical book remains unsold
- Shrinkage: the value of stock stolen or damaged in a calendar year as a percentage of the retail value of sales
- Category performance: the annual retail sales within a category as a percentage of the total stock holding
- Stock replenishment: at what point we re-order a title and following what formula

Critical numbers - Sales

- Budgeted sales: growth on previous year in percentage terms
- Daily sales performance: broken down into categories
- Conversion: the number of people who visit the store versus the number of people who purchase
- Transaction history
- Average sale
- Items per sale

Category Performance

- Australian Biography:

2001:	76792		
2002:	102592		
2003:	98042		
2004:	84195		
2005:	92066		
2006:	101742		
2007:	89436	34404	2.6

- Children's Hardcover Picture Books:

2001:	23315		
2002:	23772		
2003:	22083		
2004:	31842		
2005:	32307		
2006:	43915		
2007:	48318	21999	2.2

“Reading” a title

■ Shadow of the Wind

Published in Australia 7/6/2004

- original order – 50 copies, determined by the buyer considering author profile here (nil), story line (reasonable premise), track record of the publisher (excellent). It was the last that determined 50 rather than 5 copies as an opening order.
- second order 50, pre-publication (based on our reaction, having read the proof copy sent to us by the publisher)

Re-order history

- re-ordering should reflect
 - our alertness to sales – how many copies over what period of time
 - logistical considerations – how long will re-supply take

■ Sales

14 re-orders, 1156 copies sold

Conversion of the book kind

- Conversion: the number of people who visit a bookstore versus the number of people who visit a bookstore and purchase.

Industry average: 26% of people purchase

Reader's Feast: 39% of people purchase on average

Typical analysis/target:

- If in a given month, 40,000 people visit the bookstore, and only 26% purchase, at an average sale of \$18.00, the revenue generated is \$187,200
- If the conversion changes to 39%, but other things remain the same, the revenue generated is \$280,800
- If the conversion hits 39% and the average sale is \$36.00, then we generate revenue of \$561,600

True meaning of conversion

- In the library setting, I would think a comparable barometer would be the number of people who visited set against the number of books borrowed and the number of books reserved.
- By their very nature, bookstores will always have ‘browsing’ as a major and relatively unique factor in the business. For me, a high conversion **really** means:

Our stock range is excellent
Our service is impeccable
Our welcome into the store is palpable

Back to books

I have tried to give you an introductory understanding of the sorts of business performance guides that must apply if a bookstore is to have a relevant range and meet the needs of both readers and financial bosses. But, even with all this in the mix, the truly great booksellers are those who love books, who read widely and without prejudice, and who wish to tell people about their favourite books. Nothing beats the feeling of matching a book with a reader. If you do that well, and maintain a healthy attention to your business or (in the case of libraries) organisational needs, you will go “beyond books” to great success.
