EMBRACING THE DIGITAL AGE: AN OPPORTUNITY FOR BOOKSELLERS AND THE BOOK TRADE

Report to the BA Council from the Digital Task Force

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with Michael Holdsworth
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Terms of Reference:

The BA Council asked the Digital Task Force to review the future of digitisation in the book trade and its impact on general booksellers. To achieve this, the Task Force was asked to produce by 31 October an Action Plan that states clearly the practical steps that BA members can take in order to play a positive role in the new digital environment that will deliver both sales and customers to publishers and allow consumers to obtain easily digital products through BA members.

The Plan would outline the opportunities for booksellers, a description of the role that booksellers may play in the digital environment, what publishers need to do to make this possible, and what are the practical steps need to take to get there.

For the purposes of our study and this report we considered mainly trade publishing rather than STM, Professional, Academic/Educational publishing and the like.

Representatives of the following companies were interviewed:

The Authors of the Report

Francis Bennett graduated in history from Cambridge University and began his career in publishing in 1967 with Collins in the editorial department. In 1973 he joined the Hutchinson Publishing Group, initially running Arrow Paperbacks, then being appointed Group Publishing Director in 1976. In 1979, following a brief spell as Managing Director of W H Allen, he moved to Thomson Books as Managing Director of Sphere Books. In 1981 he was promoted to Group Managing Director of Thomson Books and remained in that position until the Group was sold to Penguin in 1985. The next two years were spent doing consultancy and research which led to the founding of Book Data in 1987. The company was sold to VNU in 2002. Francis was managing director from 1987 until 2005 when he was appointed Chairman. He retired from Nielsen BookData in December 2006.

Francis served for many years as Vice-Chairman of the Book Development Council, the export department of the UK’s publishers Association. He has served on the PA Council and has been Chairman of the Society of Bookmen. He has wide experience of international publishing (at Book Data, he set up operating companies in Australia and New Zealand and worked closely with BookData/Sapnet in South Africa). He writes regularly in the trade press. He is chairman of the web services company, Ehaus Ltd and is a member of the Welsh Books Council’s Publishing Grants Panel. He is the author of three novels.

Until his retirement, Michael Holdsworth was Managing Director (UK, Europe, Middle East, Africa) of Cambridge University Press (2004-2006). As a consultant, Michael now provides strategic advice to UK and US publishing, bookselling and technology businesses on those digital aspects of the industry which most interest him.

Michael is Chairman of Book Industry Communication (BIC), the UK’s ecommerce and standards body for book publishing, equivalent to the USA’s Book Industry Study Group (BISG). He is also Chair of EDItEUR's ONIX International Steering Committee on product information.

Michael spent twenty years as a senior director on Cambridge’s Executive Board, serving first as Publishing Operations Director. He initially combined this global role with that of Director, Social Sciences Publishing, co-ordinating and reforming business, editorial and other front-office functions while leading the largest scholarly programme in its field and acquiring books personally in politics and international relations. Later, as Press Business Development Director, he focused on broader change and new technology issues, particularly on initiatives for content and rights management, production workflows, web-based development, distribution, and the supply chain. In that role, Michael developed and managed Cambridge’s international partnerships for digital content, electronic publishing and e-learning.
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Table of Contents:

Members of the Digital Task Force ....................................................3
Terms of Reference.................................................................3
The Authors of the Report.........................................................4
Executive Summary.................................................................6
PART ONE: THE DIGITAL OPPORTUNITY........................................9
PART TWO: MAKING USE OF DIGITAL MARKETING......................14
PART THREE: THE BOOKSELLER’S ROLE IN SELLING DIGITAL CONTENT.................................................................16
PART FOUR: WORKING WITH THE CONSUMER..............................18
PART FIVE: PROPOSALS FOR THE FUTURE.................................20
PART SIX: BRINGING THESE PROPOSALS INTO EXISTENCE........26
CONCLUSION.............................................................................28
Glossary....................................................................................29

Disclaimer
The views expressed in this report are supported by all members of the working group, but do not necessarily represent the views of The Booksellers Association itself. The purpose of this report is to try and improve understanding within the bookselling and publishing sectors and to stimulate debate. While every effort has been made to check the information contained herein, inevitably errors and misunderstandings do creep through. The Association would like to apologise in advance for any of these and would be happy, if appropriate, to put right any misunderstandings in a future report.
Executive Summary

A. Key points from the Report

- Digitisation presents publishers and booksellers with a unique opportunity to develop the market for books and digitised content in the 21st century.

- For the foreseeable future, publishers and booksellers in the general trade will continue to derive the majority of their sales from printed books. [page 9]

- If the book trade is to achieve the benefits that may accrue from digitisation, there must be a proper level of engagement between publishers and booksellers. [page 10]

- If the two sides of the trade don’t work together, there is a real risk other organisations may well step in. [page 10]

- It is important that the trade prepares now for digitisation even though no-one can predict how quickly the market will develop. [page 10]

- Although publishers will sell digitised content direct to consumers, they will also want to work with booksellers to develop the market. But to make that possible there has to be a response from booksellers. [page 11]

- Booksellers must make use of new digital techniques to concentrate more of their activities and energies on finding new ways to engage actively with their customers to promote and sell more books and content. [page 12]

- New systems must be developed so that booksellers can make full use of digital marketing content from publishers. [page 14]

- Faced with a proliferation of digital content, many consumers will need advice and guidance from a source they know and trust. That provides an opportunity for booksellers to develop their existing relationship with customers in a digital context. [page 17]

- What is needed is leadership to promote the process of digitisation to all sides of the book trade, to manage the processes described above, to bring together and persuade the relevant parties to agree [page 26]

B. Key recommendations

There are two fundamentals to the development of the digital market in the general book trade: agreement on new standards and extensions to the existing trade infrastructure.

Standards. Agreement on standards for the exploitation of digital marketing and other content is an essential first step in developing future digital communication and commerce in the general book trade. [page 26]
BIC should accelerate the development of new industry standards to enable consistent formatting, naming, identification, discovery, and packaging of materials within a new digital marketing supply chain. [page 21]

Senior executives from bookselling and publishing should attend key BIC standards meetings. [page 26] If necessary, BIC must be given greater support in terms of funding. Once conclusions have been reached, BIC should present its findings to a public conference for rapid endorsement by the book trade [page 26].

Extensions to the existing book trade infrastructure must be built if the trade is to convert to a digital capability. Without this, essential communication will be difficult, if not impossible. [Page 20]

Proposals for an Enhanced Trade Infrastructure

1. **Websites.** A bookshop must have an integrated on-line presence with the capacity for financial transactions, or it is not realising its full capability in selling books [page 10 and 22] These websites have two prime functions: as trading systems allowing customers to buy online and as community notice-boards. [page 22]

2. **Customer-facing information service.** A new information service should be developed to allow booksellers to mix information from the professional bibliographic databases with elements from publishers' marketing sources to present titles on their websites in a more appropriate way to customers, and where the customer does not leave the bookseller's website. [page 23]

3. **The bookshop as the hub of the local community.** The use of digital techniques will raise the profile of the bookshop as the essential information centre in the local community. [page 22]

4. **A title alert system for account customers.** A title recommendation system should be developed, to alert customers to new or backlist titles recommended by the bookseller that reflects the customer's buying interests and allows them to browse the title online before buying. [page 23]

5. **A grid system for categorising bookshops.** The trade must develop a categorisation system for booksellers across the country to allow the efficient targeting of digital marketing messages and information. [page 23]

6. **Enabling booksellers to sell digital content.** Faced with a proliferation of digital content, many consumers will need advice and guidance from a source they know and trust. This will provide an opportunity for booksellers to extend their relationship with their customers in the digital world. [page 24]

7. **Market research.** There should be a programme of research so that the changing patterns of consumer behaviour can be understood and monitored [page 24]

8. **Getting the digitisation message accepted.** The positive message about the digital opportunity must be sold to the book trade via regular newsletters e-mailed to booksellers and publishers to keep them up to date with developments; in addition, there should be trade press briefings, a series of trade forums, and a
major conference early in 2008 to debate and agree the proposals in the report. [page 24]

9. **Training.** Booksellers will need to develop their specialist skills (e.g. digital marketing; advising customers on digital content). [page 25]

10. **Experimentation.** The trade must be prepared to undergo a significant period of experimentation [page 25]

C. **Bringing these proposals into existence.**

**Establishment of a joint trade working party.**

The book trade has an opportunity now to take advantage of the momentum created. The questions are: what mechanism can encourage true engagement between publishers and booksellers on digital issues? How can top-level support for an accelerated BIC standards programme be created? How can progress be maintained on this Report’s proposals? How can a suitable market research programme be agreed? How will a bookshop categorisation system be built? What experiments should be undertaken and by whom? What should a new bookshop training programme consist of?

These essential actions will not happen of their own accord. We propose that a high-level cross-industry working party should be set up and given the task of maintaining the trade’s progress towards digitisation. [page 27]
PART ONE: THE DIGITAL OPPORTUNITY

1. The UK book trade’s response to digitisation

The general book trade’s response to digitisation has thrown up many different questions: of definition: what is digitisation? Of timing: when will it happen? Of benefits: what effect will it have in the long term on the book trade? Of confusion: how can a bookseller or publisher get involved? And of fear: will publishers exclude booksellers from future digital opportunities? How can bricks and mortar bookshops adapt to survive? Will organisations from outside the book trade prove to be latecomer beneficiaries of this new market as it develops?

This continuing uncertainty has been given further currency by the fact that while some major trade publishers are investing heavily in digitisation, too few booksellers, either chains or independents, have publicly articulated any digital strategy, let alone invested. There is an obvious and worrying imbalance in the responses from the two sides of the book trade.

The consequence of this imbalance is a lack of any coherent debate within the trade about digitisation. The notable exceptions to this are the Booksellers Association’s publication of Brave New World in November 2006 and the Godalming Conference in January 2007 with leading booksellers and publishers. The failure to follow up these promising BA initiatives with an agreed trade-wide programme of dialogue, communication and industry action is alarming because, whatever form digitisation may take, we can be certain that it will have a lasting and significant impact on the shape, structure and conduct of the entire book trade. No bookseller or publisher will escape its influence.

This lack of engagement presents a number of problems, particularly when we know from the recent Frankfurt Book Fair survey that digitisation is seen by book trade representatives throughout the world as the top industry challenge. Letting what happens, happen is never a wise option. We believe that, however hard it may be, the book trade needs to puts its collective energy into managing its own future to take advantage of the opportunities. The consequences of not doing so could be destructive to both publishers and booksellers alike.

2. Digitisation is an opportunity for the entire book trade

Our fundamental belief is that digitisation presents publishers and booksellers, indeed everyone in the book trade, with a unique opportunity to develop the market for books and digitised content in the 21st century. We may not yet know how to do this, but unless we see digitisation in a positive light, the chance will slip by and will not recur. We must begin to prepare for digitisation now.

There are four principles that we see as fundamental if the book trade is to manage its own future and benefit from the opportunities.

- **Future sales.** We believe that, for the foreseeable future, publishers and booksellers in the general book trade will continue to derive the majority of their sales from printed books. However, it is likely that digital sales will grow in certain specific areas; for example, in reference. It is important that the book trade
establishes its ability to sell content in digital form alongside the traditional printed book.

- **Engagement.** If the book trade is to achieve the benefits that could accrue to it – benefits that we must accept may not come quickly – then there must be a proper level of engagement between publishers and booksellers. The apparent reluctance within the industry to explore this opportunity serves no one’s interests. The proposals in this document are informed throughout by the simple notion that the greatest benefits will come to the entire book trade constituency – booksellers, publishers, authors, agents, wholesalers and above all the consumers – if there is real collaboration. To succeed, that collaboration must make economic sense. It must not be based on sentimental notions of working together, but on market gains through common interests.

- **Threats.** If the separate interests in the book trade do not work together to create a digital environment, we see the real possibility that other organisations, at present on the periphery or outside the book trade, may well step in to seize an opportunity that could have been ours. (There are examples of Web 2.0 businesses like Facebook, MySpace, Flickr etc whose rapid success surprised the established business world). The consequences on publishers and booksellers alike could be damaging if not destructive. It would be a mistake to under-estimate this threat.

- **The multi-platform bookshop.** Our definition of the bookshop in the digital era is one where the website is an integral part of the bookshop. It is not an alternative to it, nor is it an add-on. It is both misguided and out of touch with what is happening in the retail sector generally to view the idea of an online presence for a bookstore as anything other than necessary and usual. A bookshop which does not have an online presence with the capacity for financial transactions is a bookshop that is not realising its full capability in selling books.

3. The digital revolution is a moving target

In any discussion of the digital revolution, we know we are dealing with a process of continuous evolution whose developments may arrive unexpectedly and without warning, perhaps from an unexpected source. Digitisation is a moving target and one whose forward movement may suddenly accelerate. For the moment, its progress remains slow in the general book market: activity in the creation of digital texts and marketing material by some publishers, the availability of downloadable content, an early market in e-readers which seems not yet to have caught the popular imagination and so on. These are pointers to the future, they are not the future arrived.

There can be no single answer to the question: how does the trade respond collectively to the march of digitisation? Instead, there is a broad migration path to be followed. That calls for preparation. If we are not prepared as a trade, then the opportunities presented by the process of digitisation may well be lost for ever.
4. Getting there

In our Blueprint we set out recommendations for action, in which we describe what we believe needs to be done to secure the industry’s entry into a full digital future that is both practical and achievable. It is important to stress that this path will be progressive.

We have not set out a timetable for what should happen because there are too many variables. How quickly will the consumer adapt to the availability of digital content? How will new entrants into the digital arena – either new software or new e-readers – affect the speed of development of digitisation generally? The trade must be prepared to undergo a significant period of experimentation and adaptation if we are to build a book industry that can truly exploit the digital opportunity. We must accept that there may be failures as well as successes, hesitations and moments of acceleration. What matter is that, once begun, the momentum towards digitisation must be maintained.

5. The size of the digital market

We have been asked on a number of occasions to define the size of the digital market. How large will it be in two or five years’ time? Without such a figure, we know that some larger organisations may find it difficult to justify investment in digital processes. We have asked this question of experts in the UK and the USA, and no one has come up with a satisfactory answer. We are not surprised by this. Digitisation in the general book trade is in its infancy. Such figures as are available, say for audio downloads or the sale of e-books, are too small to be a guide to the future. Past predictions of growth have been almost laughably over-stated.

This means that digitisation must be seen as a managed commercial risk, ie an entrepreneurial opportunity, and one where the models of leading publishers like Random House, HarperCollins or Penguin, or HMV’s experimentation with an entirely new kind of music shop, must be seen as leading the way. These companies, all members of large, publicly quoted organisations, know that investing in digitisation is uncertain, and that there are few if any financial forecasts that can justify that investment in quantifiable economic (ROI) terms.

They also know that the rewards will come to those who demonstrate their entrepreneurial abilities by seeing opportunities and responding to them by experiment in order to establish their presence in this new market. We believe that this is the philosophy that the general book trade should follow if it wants to benefit from the opportunities presented by digitisation.

6. Why publishers will sell direct

A number of publishers are currently investing heavily in their internet services and in the digitisation of their content. Fears have been expressed to us by booksellers that this level of investment, and the general sophistication of the new publisher sites, means that publishers are primarily motivated by an intention to sell content direct.
Our conversations with these publishers confirm that those who have invested in digitisation will seek some return for that investment by selling direct or by new channels as they open up. There is nothing surprising about this. It would be foolish to expect anything else. What has surprised us is the pervasive interpretation by booksellers that the creation of these sites implies that the publishers intend to develop to a point where the bookseller no longer plays a role.

Such an interpretation is wrong. We have interviewed no publisher whose plan is to exclude the bookseller from the sale of digital material. Publishers are pragmatic. All those we spoke to accepted that booksellers have a far greater reach into the market than they can achieve on their own. They want to work with booksellers to develop the market. But to make that possible, there has to be a response from the booksellers to the process of digitisation. A number of publishers are waiting for this process of engagement to begin.

7. The impact of changes in retailing on the bookseller

Retailing is changing. As consumers become increasingly familiar with the Internet and technology in general, so their expectations of what they want when they shop are changing too. The definition of service in retailing is widening and competition to win customers will intensify as retailers use increasingly sophisticated digital techniques to build closer and more interactive relationships with consumers. Because digitisation allows new techniques that empower retailers to focus on the needs and buying habits of the individual, consumers will come to expect these changes wherever they shop.

Bookselling, to a large extent, has looked inwards at itself, not least because price competition and margin wars have dominated the trade in recent years and fuelled the battle for market share among the chains. Booksellers cannot stay outside the general trend of retailing if they are to remain competitive on the high street. They must adopt and make use of these new techniques and progressively concentrate more of their energies and activities on the consumer, particularly the consumer who may not often visit their shop in person but may be in contact on the Internet. Failure to do this will condemn bookselling to a second-class status in the high street, undermining its long-term future and viability there.

8. Moving digitisation up the bookselling agenda

In a number of conversations with booksellers on the subject of digitisation, we found varying combinations of confusion and concern, even fear and apathy. Among a number of independents, the message in condensed form was: how can individual booksellers, with limited resources, compete with large organisations with much greater depth of funding?

Amongst the chains, it is a fair generalisation to say that digitisation is not yet a mature concern. While the chains have their own websites, and are investing in technical staff and development, it remains clear that other issues are seen as more pressing. We have detected only a few early signs of the larger players coming to terms with - and going in pursuit of - the opportunities that digitisation offers.
We believe that, if digitisation is not moved up the bookselling agenda very soon, the general book trade risks real and lasting damage.

9. The impact of digitisation on market growth: a growth in choice

As publishers digitise backlist as well as front list, as long-out-of-print titles are once more available for sale through the medium of print-on-demand, and as the market for the downloading of digital texts develops, the range of titles available to the book-buyer will continue to grow.

The book trade already offers the book-buyer a depth of choice unrivalled by any other retail sector. If the digitisation of texts continues at its current levels, we will soon set before the consumer a choice greater than at any time since the invention of printing.

If this range of choice is to be exploited to the benefit of the consumer and the book trade, then digital retailing techniques will have to be employed to help the book buyer make sense of the huge range of titles our trade is offering.

It is possible to see this growth of choice presenting the book trade with a genuine opportunity to grow the market for the sale of books and digital content. Over time, if we handle this opportunity correctly, we may see a permanent increase in the size of our market. The possibility of selling print and content to even more customers has to be a prize worth going for.
PART TWO: MAKING USE OF DIGITAL MARKETING

For the purposes of this document, we will separate digitisation into the use of digital content for marketing and the sale of digital content itself as eBooks or as online access. We will review the opportunities in both separately.

10. New ways of marketing books and content

The Internet allows publishers many new opportunities to develop ways of creating marketing material in support of their books. These include the distribution of jacket and cover files, controlled access to the full text for the purposes of browsing inside the book and links to social networking sites such as Facebook and MySpace, or to authors’ websites or blogs.

A few publishers are making use of these new techniques and tools to build digital repositories in which to store this new type of marketing information. At present, use of digitised marketing material is largely restricted to the publisher’s own websites. Few booksellers have the capacity to receive these digital streams of information and to profit from them.

It is entirely likely that the bulk of publisher marketing will go digital over the next few years. We believe that as retailing techniques become increasingly sophisticated, booksellers will need to be able to use this new stream of digitised information from publishers to support the sales of books. For this to happen, new software systems will need to be invented to allow booksellers to make use of this digital marketing.

11. A definition of digital marketing material

Our definition of digital marketing information that can be created and stored by a publisher includes the following:

- A sample chapter or other excerpts
- An audio or video interview with the author
- Media reviews
- Sales statistics from previous or comparable titles
- A schedule for author appearances
- A schedule for known media coverage
- Details of an author’s blog or website
- Featured material on MySpace, FaceBook, Second Life etc
- Rich bibliographic product information

12. How booksellers may benefit from this new supply

Digital marketing will only make an impact on the book trade if what the publisher creates can be delivered to and used by the bookseller in a simple and efficient way. We define efficiency as any system that allows booksellers quickly and easily to decide what they want to use and how to use it to further sales. Flooding bookshops
with digitised marketing material from a wide variety of sources in an unorganised stream will help no one and achieve next to nothing.

If digitised material is to be made truly useful, and the necessary systems are to be built, the following fundamental developments will need to happen.

- **New industry standards** to enable consistent formatting, naming, identification, discovery and packaging of materials within a new digital marketing supply chain. Without the discipline of a packaging system, that allows booksellers to identify immediately whether a particular marketing package is one they wish to use now or later or not at all, booksellers will be overwhelmed by emails and other digitised communication from publishers and nothing beneficial will be achieved.

- **Reaching bookshops**. It will be difficult if not impossible for booksellers to make productive use of publishers’ digitised marketing content until these standards have been agreed. Once the standards exist, how will this marketing material reach the bookseller? We hope that a software supplier, a wholesaler, a bibliographic agency or some other book trade organisation will respond to this important opportunity and create the services that will allow booksellers to make full use of this new opportunity.

- **Categorisation of bookshops**. No formally agreed system of bookshop categorisation exists as a trade standard that will enable publishers to send marketing messages to selected bookshops. We know that the BA uses its own system of categorising its members and has a lot of information about individual bookshops on its database. We believe that a nationwide system needs to be devised and accepted so that publishers can target specific marketing messages to selected bookshops, whether a member of a chain or independent.
PART THREE: THE BOOKSELLER’S ROLE IN SELLING DIGITAL CONTENT

13. Is there a market for digital content?

This mismatch between the growing availability of content and its market exploitation raises an obvious question. Are we worrying unnecessarily? Will the market for digital content emerge in such a way that the book trade can adapt in its own time rather than worrying about its position now?

We believe that there are sufficient signs already from the International Digital Publishers Forum (IDPF) figures, from publisher activity in the UK and USA, with increasing signs of similar activity in other countries, from Amazon, Sony, Google, etc, to suggest that a prudent course of action is to prepare for the sale of digital content now. No one can predict how fast or how slowly the market will develop. The speed with which consumers adopt new ways of interacting online suggest that when change does come the market will develop reasonably quickly. If that is right, then booksellers either will be prepared for this and ready to adapt, or they risk being left behind.

14. Is there a risk in wait and see?

What is the risk that non-adapters run? Certain categories of books lend themselves to digitisation, while others don’t. Satellite navigation is replacing the traditional market for maps. Publishers are creating digital versions of DIY books, encyclopaedias, dictionaries or guidebooks. Much of the information previously contained in books is now readily and freely available online. Sales of the print editions of these categories contribute significant revenues to a bookshop. What will happen when these sales decline or the titles are no longer available in print form?

There is a real threat that, over time, bookshop margins will be eroded because the average bookstore, whether independent or part of a chain, will suffer progressively as sales in specific categories (eg reference) move away from printed books to digital content which is not sold by the bookseller. This may lead to the closure of some bookshops. Any closure, for whatever reason, reduces the exposure of a publisher’s titles because there are fewer outlets to display their books.

15. Why sales of digital content are low when availability is growing

The problem with the sales of digital content is not entirely one of availability. Publishers are making texts available for downloads and a number of these, particularly in the USA - eBook editions of frontlist trade titles - are widely available in Adobe and MobiPocket formats. The issue is take-up. Revenues from the sales of digital content in whatever form (as downloads for existing e-readers, or as audio downloads, or as content delivered to computers) remain very low. (For example, the IDPF figures show that between 2002 and 2007 annual sales in the US for downloads have risen from $2.0m to $7.5m only).

Industry specialists have advanced three principal reasons for this low take-up
While content is available, there isn’t yet critical mass. Many publishers do not participate and many publishing genres are under-represented. Such content as is available is difficult to discover and difficult to buy. eBooks need to be available through the trusted and traditional pre-existing channels to which book consumers go now to buy their books, or through a trusted non-traditional player.

None of the current hand-held eBook reading devices has caught consumer imagination in the way the iPod has for music. There are many reasons for this, among them price (e-readers are seen as expensive) and quality of the device. This latter situation may be about to change. Many experts believe that the book industry needs a device as exciting as the iPod is for music to kick-start the market.

Issues remain about Digital Rights Management, in particular the need for a simple but effective system to protect authors and publishers when copyright material is sold in digital form. Consumers need a simple, fair and easily understood regime for rights protection which will allow multiple device use and cross-platform compatibility and act as a solid defence against piracy, particularly the giving away or file-sharing of copyright content without payment.

16. The bookseller’s role in the selling of digital content

As more printed content becomes digital, why should the consumer stay loyal to a bookshop, when digital content can be found online at a publisher’s website, or on a major retail website like Amazon? The case for arguing that the bookseller will have a role in selling that content is based on the bookseller’s position on the high street, their role in the local community and above all the combination of their every-day ability to have direct contact with their customers and their skills to advise and guide them.

Faced with a proliferation of digital content from an increasing number of sources, customers will want to find the content that suits their needs. Some will inevitably do that online without any help from anyone. Many will need advice and guidance from a source they know and trust. That provides an opportunity for booksellers to promote their product knowledge and customer skills in helping their customers find what they need in the new digital environment.

This response presupposes that booksellers have this knowledge and will have the ability within the shop or online to advise their customers on what to buy. So, skills both of content knowledge and technology will be required as essential elements as bookselling redefines itself for the digital era.

Booksellers need to enter the virtual world by exploiting the customer relationships based on the contacts made in the bricks-and-mortar world. The consumer will have more reason to stay loyal to bookshops if booksellers have re-invented their role to meet the demands of the digital age.
17. Engaging actively with book-buyers

Traditionally, the book trade has made contact with the book buyer through established channels: through the physical geography of the bookshop; through seasonal and other catalogues; through space advertising (though this is occasional and limited to very few titles); through bestseller charts (these are national not regional); through author events on promotional tours or at the growing number of literary festivals throughout the country; through the publicity derived from the awarding of literary prizes; through World Book Day (aimed at bringing an awareness of books to children); television and radio, in particular the Richard and Judy show and through reviews in newspapers and magazines.

Given the relatively limited resources of publishers’ promotional budgets and the multiplicity of titles, the industry has a good record in finding ways that are within its means to promote books to the public. The difficulty comes when we realise that, compared to the number of titles that are available for sale at any time to the general public, only a very small percentage ever receive any promotion of any kind.

With the changes brought about by the process of digitisation and the progressive impact they will have on marketing, on the sale of content, on the number of titles available for sale, and on our ability to work much more directly with our market, it is important that the trade reviews its relationship with book-buyers. In particular, booksellers will need to find new ways of engaging actively with their customers in order to promote and sell more books and content.

18. The need for consumer research

The consumer market is largely unprepared for the arrival of digital content. We know that consumer habits, particularly when adapting to new Internet services, can change very rapidly. If the book industry is to make the most of the growing digital opportunity, it must respond effectively to the consumer’s needs. To achieve this, we will need to understand and keep track of the needs and behaviour of the consumer. Failure to do this may lead us to fall far short of achieving the sales that are there to be made. This argues strongly for a continuing programme of research into the ever-changing habits and demands of the consumers on whom we depend.

We understand that some large publishing companies have the resources to conduct research of their own and are already doing so. They have every right to do this and should continue, if they choose to. We think it would be mistaken if their initial response to this proposal were to resist any moves to make general consumer research available to other publishers. We hope they would support and participate in this general research programme.

One of the main themes of our findings is that the book trade as a whole must raise its collective game if it is to reap the results of digitisation. If we are perceived by the consumer to have fallen short in its response to digitisation in ways that make sense to the consumer, then the consumer will judge the book trade as having failed to meet its needs. One or two good examples of forward-looking booksellers and publishers won’t rescue the trade from censure of this kind.
Individual companies can, of course, always use their own resources to conduct their own research programmes if they choose to. The ability to do this cannot not be a reason to hinder the development of the trade as a whole. Failure to keep track with changes in consumer behaviour may lead to the loss of opportunities which in turn may expose the trade to the possibility of aggressive competition in the digital arena from more powerful players, possibly from outside the book trade.

It is interesting to note that during the research phase of this project, we spoke to a number of eBook device vendors, all of whom believed strongly in the value of consumer research and were surprised that the book trade seemed consistently so reluctant to engage with this process.
PART FIVE: PROPOSALS FOR THE FUTURE

The first sections of this document have established the reasons why the book trade should embrace digitisation. This Blueprint now sets out proposals about what we need to do if we are to realise our digital future.

19. Summary: an extended trade infrastructure

If the book trade is to take its proper place in the digital era, then we will need to extend our existing trade infrastructure by building a whole new layer of systems that will allow booksellers to make full use of all digital opportunities: from using digital marketing content to help sell books to selling digital content to their customers.

The systems and services that will enable this to happen don’t exist yet. It is fair to say that the rewards of digitisation will only be fully realised when this new infrastructure is completed. The essential first step towards this future is the creation of new standards to underpin the creation of an extended infrastructure.

20. The need to agree digital communication standards

Agreeing standards may not qualify as the most exciting activity in the book trade, but it is new standards that hold the key to future success in digitisation. Without this agreement on standards, future digital communication and commerce between publishers, booksellers and consumers will be conducted in a language whose lexicon currently misses most of its pages. In other words, communication – and therefore effective transactions - will be close to impossible.

If we are to establish an efficient digital supply chain both for digital marketing content and for digital content for sale, it is self-evident that consistent standards must be applied to the naming, identification, formatting and structure of files, and of the descriptive product metadata which will be necessary to support their discovery and tradability. There is an urgency about reaching agreement so that these new standards can be made available.

21. The present position on these new standards

Much work is currently being done by a number of industry bodies, Book Industry Communication (BIC) in the UK, the Book Industry Study Group (BISG) in the USA, working with their international partners EDITEUR, the International ISBN Agency and the bibliographic service providers. They are collaborating closely through consultative working parties and task forces to accelerate the design and implementation of standards.

We perceive the principal standards agenda to be as follows. Most of this work is already underway. Difficulties will arise as new and ever more challenging business models are experimented with.
First: the international industry supply-chain bodies (BIC, BISG and others), working with the bibliographical services providers and their international partners, need to complete their work on the codification of best practice for the use of ISBNs (and Digital Object Identifiers -DOIs) within the new digital supply chain. (DOIs enable fragments of content to be identified or can point to a digital reference, like a web catalogue describing a book).

Second: we need to see some experimental examples, directed by the issuing authorities, of how the International Standard Text Code (ISTC), a new standard on the verge of international ratification, might be implemented. This code will identify content at the creative work, rather than at the product level, and will enable publishers, booksellers and librarians automatically to collocate all the formats (print and eBook, chapters etc.) in which a particular piece of content (say a Shakespeare play, or The Secret Garden) might be available.

Third: the bibliographical companies and issuing agencies (Nielsen Book Data and Bowker) need to upgrade their services to incorporate the inclusive delivery of information feeds about digital content to their bookseller and library customers; to build out new services based on DOI and ISTC; and to explore new flexible models for identifier pricing.

Fourth: EDItEUR’s ONIX groups need to resolve outstanding issues about eBook and digital content product description. ONIX is the international standard for the exchange of data). In particular, there is a need to provide guidance on the way the ONIX standard will work within increasingly granular environments – from parts, to chapters to paragraphs to images, maps, tables.

Fifth: entirely new work needs to be started on consistent naming of marketing collateral files (covers, widgets, podcasts) – perhaps following the lead provided by Amazon submission and the batch.connect initiative in the UK. There would be considerable value in collocating these under an ISTC umbrella.

Finally, sixth: the bibliographic agencies need to progress valuable work (piloted by MEDRA in Italy) on the extent to which some ISBN intelligence might be appropriately built into a new hybrid ISBN-DOI-co-standard – the so-called Actionable ISBN or ‘Bookland’ DOI.

We believe that the trade must now give much greater importance to these discussions and the organisations involved must be asked to accelerate their programmes. The areas for standardisation need to be prioritised and a timetable set. Once conclusions have been reached, in the UK BIC should present its findings to a public conference for rapid endorsement by the book trade.

Standards are the door to the full digital future. At present, that door is hardly open. How quickly that future becomes available to any of us depends upon how quickly agreement is reached on what those standards are. For this to happen, BIC, who carry out a vital function for the UK book trade, must be given greater support in terms of funding if needed but equally importantly in terms of the seniority of executives attending these meetings, their ability to commit their companies to
accepting the new standards, and the time they can give to working on this important issue.

It has to be in the commercial interests of both publishers and booksellers that these fundamental standards are resolved quickly. Little progress will be made until then.

22. Proposals

What follows is a list of extensions to the existing infrastructure in the book trade which we believe must be built if the trade is to convert to a degree of digital capability within a reasonable time.

First proposal: Websites

All bookshops will need websites that are integrated with the shop itself, ie a site that reflects the style and personality of the shop, so that all stores, whether part of a chain or independent, can operate as multi-platform booksellers. These websites have two prime functions: as trading systems, allowing customers to buy online and as community notice-boards, advertising book-related events in the bookshop and in co-operation with other local organisations and with social networking sites.

Second proposal: A customer-facing information service

We have argued above that the book trade must recognise that digitisation provides new ways in which books and content can be sold to the consumer. The first place where this should start is in the way the trade presents its titles to the consumer.

The general book trade has three professional title information services: Nielsen BookData, Bibliographic Data Services and Bowker. These databases have been designed specifically for bookshop and library use. They are not designed for use by the consumer, though they are used for that purpose on countless websites. The book trade is therefore using a professional tool to attract and support its customers.

In addition, the steady growth in availability from publishers of digital marketing content will provide booksellers with the opportunity to select from appropriate marketing information they believe will help them sell more titles to their customers.

We are not proposing a standalone customer-facing database service. What we are proposing is a new information service that will allow booksellers to mix information elements from the professional bibliographic databases with elements from publishers’ marketing sources to present titles on their websites in a more appropriate way to customers, and where the customer does not leave the bookseller’s website.
Third proposal: The bookshop as the hub of the local community

We are strongly proposing that booksellers become more active – central players in their local communities. The website offers opportunities to fulfil this aim by becoming the hub of information for the local community.

The website should carry an events notice-board, enabling booksellers to advertise events in their bookshops (readings, author appearances, signings etc) as well as links with other local organisations (schools, the local library, local societies, clubs, theatres (amateur and professional), local book clubs, local arts councils and chambers of commerce), literary events and festivals. The website should advertise locally published titles, and titles self-published by local authors. It is possible that some booksellers may use print-on-demand to reissue titles of local interest.

We believe that bookshops must demonstrate an active social role as part of the commercial strategy for survival in the digital era. They can do this by using digital and other techniques to raise the profile of the bookshop as an essential information centre in the community, providing a range of services associated with both printed and digital content.

Fourth proposal: A title alert system for account customers

Booksellers, whether chains or independents, need to create their own response to customer-facing web developments from Amazon and others, one that they can afford and which expresses the character of the bookshop. We propose a title recommendation system based on customer knowledge and bookseller skills.

This system will allow booksellers to alert customers to new or backlist titles recommended by the bookseller that reflect the customer’s buying interests and allow them to browse the title online before buying.

To do this, the customer alert service will use a database of customers’ email addresses together with a record of individual customer purchases (categorised by BIC subject automatically when recorded at the moment of purchase) as a basis on which to send out alert emails recommending titles.

The alert notice will point the customer to the bookseller’s customer-facing information system and allow them to click through at once to the recommended title. There will be an ordering system with, if required, the ability for the bookseller to offer a pre-publication discount or any other marketing incentive or bundle. At no point will the browser leave the bookseller’s website.

Fifth proposal: Creating a grid system to categorise booksellers

Publishers need to be able to direct electronic marketing messages to specified bookshops. To allow the easy selection of target bookshops, the book trade needs an agreed grid system for the categorisation of bookshops across the country.

Our minimum proposals for the categorisation are:
Sixth proposal: How booksellers can sell digital content

When book-buyers do become content-buyers, why should they buy their content from a bookshop? If booksellers want to sell books and content to their customers, they will have to compete with the customer’s increasing skill at navigating the Internet and finding on their own what they want quickly and efficiently. Is this a challenge booksellers should undertake?

If booksellers want to be involved in the selling of digital content – and we believe that they should – they will need to establish their position in this new market as a natural place from whom the consumer can buy digital content. How can they do this? By recognising that they can fully exploit their knowledge and their skills, particularly their ability as booksellers to find what their customers want in the digital environment. We see booksellers offering guidance to customers to help them make sense of what will for many be a possibly confusing offering.

When customers browse the Internet in search of content, will they be able to make sense of the width of choice available to them to find precisely what they need? Will consumers know and understand the growing variations of the way content can be downloaded and used? At this stage it is impossible to know but it is reasonable to assume some level of confusion and that this will persist as the market grows.

If the active bookseller can provide valuable specialist knowledge to help customers in the world of digital content, then they will establish a new service based on their product knowledge and customer-facing skills.

When we look at other industries, electronic goods for example, we see the best retailers are promoting their professional expertise as the essential element in guiding the consumer to find the product that suits their individual needs. We believe it is possible to translate this into the book trade and the selling of digital content.

Seventh proposal: Market research

In order to understand better the consumer’s behaviour and needs when it comes to buying content online (and how that content might then be used), we argue very strongly for establishing a programme of research so that the changing patterns of consumer behaviour can be monitored and made available to the trade over the coming years.

This research (the brief for which should be defined by a trade committee, see below) will not tell us what products we should make. But it will give us insights into the way public acceptance of digital content is progressing and allow individual organisations
to plan accordingly, in particular the changing patterns in on-line buying behaviour, and the attitudes and demands behind these changes.

**Eighth proposal: Getting the digitisation message accepted**

Digitisation is in its infancy in the general book trade. The positive message of its importance has yet to be accepted, as has the view that the true benefits will come only if the entire book trade engages in the process. This will not happen within any reasonable timescale unless the message is sold to the trade through a continuing promotional programme.

We propose a trade-wide promotional programme (aimed at publishers and booksellers) to sell the future of digitisation. There are still very many minds to be won over.

The programme would have the following components:

- **A regular emailed newsletter** to publishers and booksellers will explain what is happening in digitisation and how these developments affect our industry.

- **Briefing the trade press.** The book trade’s progress with digitisation must be kept in the news. We propose a series of digitisation briefings at intervals to let the trade press know what is happening.

- **Trade forums.** We propose a series of trade forums, possibly sponsored by BIC, at which publishers and booksellers can appear in order to put their views to those involved in the process of digitisation about its progress, direction, difficulties, costs and benefits. We believe that such a process of listening to what publishers and booksellers think, and of engaging in debate with them, will help to speed the process and win over doubters to the idea of collaborative action.

- **Conferences.** We propose that two major conferences are held during the year at which updates on the Blueprint’s progress are given, together with presentations of their experiences by publishers or booksellers who are engaging with aspects of digitisation.

**Ninth proposal: Training**

As content becomes increasingly available, booksellers will need to be trained in specialist skills (both of digital marketing and how to advise customers on digital content) to understand how content may be downloaded, and what markets it is aimed at. In addition, bookshops will need to set up and promote their ability to help their customers navigate digital content (ie establish their skill in doing this before the market properly develops).
Tenth proposal: Experimentation

We believe it is important that as new systems are built, or new ideas come forward, they should be tested publicly and the results, whether success or failure, should be published. We are moving into a completely new world. It is important that we experiment to see if we have the right solutions.

PART SIX: BRINGING THESE PROPOSALS INTO EXISTENCE

23. Managing our way to the future

How in practical terms is the book trade to make the most of an opportunity that demands a set of cross-trade decisions before it can be effectively taken up by more than a few organisations? We all know how difficult it has proved in the past to act collaboratively. But unless we change our habits, there a real risk that we may not make the most of this opportunity – or indeed lose it entirely - because of the time taken to agree between ourselves what is needed. It would be at best distressing and at worst damaging if this were to happen.

What is needed is leadership to promote the process of digitisation to all sides of the book trade, to manage the processes described above, to bring together and persuade the relevant parties to agree, and above all to maintain the momentum that the Booksellers Association has with such vision set in motion.

We believe that there is a series of steps that the trade must now take to bring digitisation to the top of the book trade agenda.

24. An agenda for action

The first task is to create a genuine process of engagement between the two sides in the book trade. To achieve this, there must be a coherent debate about digitisation and the future. We propose a major conference early in 2008.

Stage 1: A public conference.

The purpose of this conference would be to allow booksellers and publishers to debate our proposals. The aim will be to get a clear sense of the mood of the industry: whether it is prepared to support this approach or not. The results of this gathering of opinion should be made public.

On the assumption that the answer is ‘yes,’ then the following will need to happen:

Stage 2: Standards.

Setting marketing standards is new to the BIC agenda. We believe that BIC should be asked to create a timetable (in collaboration with its international partners) for the creation of the new standards. We would like to see general support in the trade for
what BIC is doing, support that would be expressed through the commitment of designated senior executive time to work on the issues involved.

There will need to be a series of meetings organised by BIC leading to acceptance and use of the new standards throughout the industry. This will be the foundation on which will be built new communication and trading systems between publishers, booksellers, wholesalers and customers.

**Stage 3: A joint trade working party**

The conference should lead to the setting up of a publisher/bookseller digital working party to succeed the BA’s Digital Task Force. It should be publicly accountable and open in all its activities. Its prime purpose would be:

- To ensure that the current momentum on digitisation gains speed and energy so that the promotional activities outlined above come rapidly into being as part of a long-term plan to promote digitisation.
- To create true engagement between the two sides of the book trade so that real progress is made in bringing the trade to a position where the benefits of digitisation become a reality.
- To support BIC (and its Digital Supply Chain group) in its new agenda of setting and agreeing as soon as possible the standards necessary for full trade communication both of digital marketing content and digital content for sale.
- To maintain progress on the Blueprint's proposals: pushing for progress on all bookshops having their own websites; encouraging suitable organisations to take a lead in the creation of the extended infrastructure from which will be derived the proposed new bookseller services for the use of digital marketing techniques for customers and the sale of digital content.
- To agree a suitable market research programme.
- To create a bookshop categorisation system for the trade.
- To endorse suitable experiments.
- To devise a new bookshop training programme for the digital era.
CONCLUSION: DIGITISATION WILL TRANSFORM THE BOOK TRADE

Our investigation into digitisation has convinced us that over time digitisation will transform the book trade. Any process of change provides winners and losers. The UK book trade faces potential competition from international organisations many times larger and significantly more powerful than any of the largest companies in the trade, even of the entire trade itself.

It is this alarming imbalance in scale and power that underlines our belief that, if we are to make the most of what digitisation may offer, then we must find ways to work together as a trade. To look for individual solutions is to put much of our collective future at risk. To act collaboratively is to give ourselves a chance to control a significant part of that future. We believe that is the only option if we are to emerge from the process as winners.
Glossary

Adobe
Adobe Acrobat is a family of application software from Adobe Systems. These applications use Adobe's Portable Document Format (PDF) as the file format. Adobe Reader is available free of charge and allows the viewing and printing of PDF files.
www.adobe.com

Blog
A blog is a website where entries are written in chronological order and usually displayed in reverse chronological order. Blogs provide commentary and news on a particular subject or function as more personal online diaries. A blog may combine text, images, video and links to other blogs, web pages, and other media related to the topic.

Book Industry Communication (BIC)
www.bic.org.uk

Book Industry Study Group (BISG)
Representing all segments of the US book industry, BISG is the association for research and supply chain standards and policies, which addresses issues and concerns in order to improve and advance the book community.
www.bisg.org

Brave New World
Published in 2006, Brave New World is a report commissioned by the BA Council to look at the possible effects of digitisation on bookselling. The report is available as a free download from the BA website.
www.booksellers.org.uk

Digital Object Identifier (DOI)
The DOI system is used for identifying content objects in the digital environment. DOI names are assigned to any entity for use on digital networks. They are used to provide current information, including where they (or information about them) can be found on the Internet. Information about a digital object may change over time, including where to find it, but its DOI name will not change.
www.doi.org

Digital Rights Management (DRM)
Digital rights management refers to access control technologies used by publishers and other copyright holders to limit usage of digital media or devices. DRM can be applied to all creative media (text, music, images, film, etc.).

EDItEUR
EDItEUR is the international group coordinating development of the standards infrastructure for electronic commerce in the book and serials industries in areas such as EDI, product information, digital publishing, RFID (Radio Frequency Identification) and rights management.
www.editeur.org
International Digital Publishing Forum (IDPF)
IDPF is a trade and standards organisation dedicated to the development and promotion of electronic publishing for the benefit of creators of content, makers of reading systems and consumers. Members include book, magazine, journal and newspaper publishers, booksellers, software developers, authors and other groups interested in digital reading.
www.idpf.org

International ISBN Agency
The main functions of the International ISBN Agency are to promote, coordinate and supervise the world-wide use of the ISBN system through group agencies and to publish assigned group numbers and publishers' prefixes.
www.isbn-international.org

International Standard Text Code (ISTC)
The ISTC is a unique identifier of texts under the auspices of The International Organisation for Standardisation (ISO). It identifies the work at the creative level and not as individual products (eg a book or CD).
www.iso.org

MEDRA (Multilingual European DOI Registration Agency)
MEDRA is the Multilingual European DOI Registration Agency, officially appointed by the International DOI Foundation.
www.medra.org

Metadata
Metadata is data about data. It is used to facilitate the understanding, use and management of data. For instance, in a library, where the data is the content of the titles stocked, metadata about a title would typically include a description of the content, the author, the publication date and the physical location.

MobiPocket
Freely downloadable, Mobipocket is an ebook reader for PDAs (Personal Digital Assistants) and Smartphone devices (eg Windows Mobile, Palm OS, BlackBerry, Psion). Mobipocket was bought by Amazon.com in 2005.
www.mobipocket.com

ONIX
Developed and maintained by EDItEUR, BIC and BISG, and with user groups in many other countries, ONIX for Books is the international standard for representing and communicating book industry product information in electronic form.
www.editeur.org/onix

Podcast
A podcast is a digital media file, or a related collection of such files, which is distributed over the Internet using syndication feeds for playback on portable media players and PCs.

Print-on-demand (POD)
Print-on-demand is a printing technology employed by publishers which allows them to print a copy of a book once an order has been received. Some publishers have replaced their traditional printing equipment with POD or contract their printing out to service providers. Many university presses and other academic publishers use POD to maintain their backlist.
Social networking
A social network is an online community of people who share interests and activities, which necessitates the use of software. Primarily web based they provide a collection of various ways for users to interact, such as messaging, email, video, voice chat, file sharing, blogging, discussion groups, and so on.

Web 2.0
Web 2.0 refers to a perceived second generation of web based communities and hosted services, such as social networking, wikis, and folksonomies, which aim to facilitate creativity, collaboration, and sharing between users. Although the term suggests a new version of the web, it is not an update to technical specifications, but refers to changes in the ways software developers and end users use the web.

Widget
Widgets are downloadable interactive virtual tools that provide services such as showing the user the latest news, weather, a dictionary, a map program, or even a language translator, among other things. They are also being used to show pages within a book.