Into the Hands of Readers: Book Distribution in Canada and Alternatives for Small Publishers

by

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Abstract

This project report examines the current state of book distribution in Canada, particularly in relation to small and medium sized presses, by outlining industry standard terms and practices, pertinent events in recent history, and funding programs in place to support book publishing and distribution. There are several factors and challenges that Canadian book publishers face in the all-important process of distributing their books, from a costly east-to-west supply chain to ever-increasing return rates. The report takes as its case study the distribution history of New Star Books Ltd., including recent change in distributors from Brunswick Books to UTP Distribution at the beginning of 2020. The report concludes with a number of potential alternatives to the current status-quo with the aim of improving distribution options for these smaller publishing firms.

Keywords: Publishing; book distribution; supply chain; vendor-managed inventory; New Star Books; small press publishing

Dedication

This report is dedicated to my mother, Catrina, who has always believed in my ability to do or be whatever I wanted, even from halfway across the world. My siblings, Nic, Jamie, and Stephanie for never *really* treating me like the baby of the family.
Ryann and Norees, without whom Canada would have felt immeasurably lonely.
James, for his constant commitment to the bit.
And lastly, Mo. My anchor.

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And my fellow MPub classmates. A cohort of incredibly talented women I am honoured to have crossed paths with.

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Chapter 1.

Introduction

There are many elements in the book publishing process. From the initial act of writing, to the editor's expertise in shaping the text, or the designer's keen eye for packaging the book to attract readers, each plays its own crucial role—even publicity has become more important than ever as titles compete for visibility in an increasingly saturated market. However, all this hard work hinges on the physical act of getting books into the hands of readers. Despite relative invisibility to consumers, distribution is, arguably, the lynchpin of the entire operation, the element that, according to Byron Sims, "gives meaning to all the hard work and planning that has resulted in a book being brought into existence." [1]

1.1. Background interest

From September 2020 to April 2021 I completed an extended placement with New Star Books. Rather than dedicating the workday to a single "department," work at New Star would include answering emails, sorting and evaluating manuscript submissions, fulfilling direct website orders (or the weekly purchase order from our Amazon overlords), typesetting upcoming Spring titles, reworking some catalogue copy, designing an ad here and there, updating bibliographic data through ONIX, writing a blog post or email newsletter… all in the same day. More often than not this is the case with smaller publishers. These teams require flexibility. The publisher at a small press is almost always a jack of all trades.

My previous experience in the publishing industry has also provided me with similar opportunities to learn the importance of flexibility and the value of smaller, more collaborative teams. This experience includes two years working with an independent poetry publisher, Vagabond Press established in 1999 by poet Michael Brennan in Sydney, Australia. Just prior to my joining Vagabond, the press had ended a relationship with its distributor, NewSouth Books. What this meant was Vagabond would be managing all of its distribution in-house, and the handling of direct customer orders via

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1 Bryon Sims, "Physical Distribution of Books in Canada." (Book Publishing and Public Policy Conference, Ottawa, 1981), 12.

our online storefront would come to include larger orders to bookstore partners who stocked Vagabond's titles. The lack of a formal distributor would also see sales representation fall under in-house responsibilities, from hand delivering a box of Vagabond's latest poetic offerings to the indie bookstore Better Read Than Dead in Newtown, to liaising over email with the buyers at larger chains like Dymocks.

Distribution for small presses has since become an interest of mine and as such, despite the variety of my duties at New Star Books, is the focus of this project report. This timing proved fortuitous as New Star had switched their distribution from Brunswick Books to UTP Distribution at the beginning of 2020, providing a uniquely interesting period of time in which to study the important effects of distribution.

1.2. Overview of report

This report will outline the history and current state of the Canadian distribution landscape, including the general functions of the distributor, major events that have shaped today's distribution practices, intervention and funding from government bodies, and the unavoidable influence of the nearby American market. Via this outline, the report will provide an understanding of the challenges that Canadian publishers (particularly small and medium sized publishers) face, and the factors that influence distribution decisions.

From here we will take New Star Books as a case study. Outlining New Star's distribution history, the current relationship with UTP Distribution, and the recent shift from Brunswick Books will allow us to examine the process of such a shift, and the resulting impact on sales. In this section the report will also consider the costs of a sales representation team, as New Star's new distribution agreement includes a contract with Ampersand Inc, a sales agency representing many of UTP Distribution's clients.

The case study will be used as a basis to analyse potential alternatives to the current distribution model for small presses in Canada. These alternatives aim to address the largest concerns of distribution that are generally taken as realities of doing business—the east-to-west supply chain, the role of the sales reps, and the uniquely frustrating monster of returns.

1.3. Introduction to relevant parties

New Star Books

In the late 1960s a group of writers and editors at *The Georgia Straight*, at the time considered an "underground" alternative weekly publication, began publishing the *Georgia Straight Writing Supplement*, an insert to the regular periodical that featured work by writers such as Stan Persky, George Stanley, Robin Blaser, Maria Hindmarsh, and Dan MacLeod. By the time the '70s rolled around, the series had evolved into a number of published books, including the early work of now-prominent Canadian poets bill bisset and George Bowering. Eventually this evolved into a more formalised publishing project, Vancouver Community Press, as a number of writers and editors from the original writing series departed *The Georgia Straight* proper.

A name change was then sparked in 1974 with the press' shift from literary work to political non-fiction—and we finally arrive at New Star Books. From 1978 to 1990, Lanny Beckman served as publisher, after which Rolf Maurer would take the reins and begin another shift back towards New Star's editorial roots. While non-fiction continues to feature in New Star's catalogues year on year, literary fiction and poetry have moved back into the view of New Star's publishing mandate.[2] Today New Star typically publishes six new titles each year and, like many publishers across Canada, receives both provincial and federal funding from the BC Arts Council and the Canada Book Fund respectively.

University of Toronto Press Distribution

The University of Toronto Press (UTP), founded in 1901, is one of North America's largest academic publishers. With a publication history of over 6,500 books, more than half of which are still considered in print, UTP is Canada's leading academic publisher. By 1975 UTP began to offer distribution services to other publishers; today they service over 70 imprints both within Canada and internationally. UTP also boasts a warehouse location in Buffalo, NY, to facilitate shipments in and out of the United States.[3]

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2 New Star Books, "About | New Star Books Publisher, Vancouver British Columbia Canada."

3 U Toronto Press, "About UTP."

Some of UTP Distribution's notable Canadian publisher clients include Arsenal Pulp Press, Biblioasis, Cormorant Books, Greystone Books, and House of Anansi Press, along with a whole host of university presses across Canada and the United States. New Star began a distribution agreement with UTP Distribution effective January 2020.

Ampersand Inc.

Ampersand Inc. was founded in 1957 as JJ Douglas Agencies. Kate Walker would eventually buy and rename the company to Kate Walker and Company in 1991. After a successful Canadian launch of the Harry Potter series and a decade of simultaneously branching into the non-traditional and gift markets, the company was again rebranded to Ampersand Inc. Current president Saffron Beckwith took the reins when Walker retired in 2013.[4] Now with over sixty years of experience in the book and gift market, Ampersand has a sales force that represents a number of UTP's clients, including House of Anansi, Biblioasis, Arsenal Pulp Press, and Douglas & McIntyre.[5]

Brunswick Books

Originally operating as Fernwood Books, Brunswick Books was founded in 1978 as a sales and marketing company within the academic sphere, serving universities and colleges across Canada. In 1992 Brunswick expanded into the distribution game (an interesting reversal of the usual progression of distributor into sales and marketing services) and now offers its client publishers a wide range of services.[6] Brunswick operated as the Canadian distributor for New Star's titles from 2016 to 2020.

Small Press Distribution

Founded in 1969 by Peter Howard and Jack Shoemaker and currently located in Berkeley, California, Small Press Distribution (SPD) is a nonprofit literary book distributor and, for small publishers, provides the "only reliable and available access to the US book market."[7] Distributing titles from over 400 presses across the world—including those in Europe, the United Kingdom, Australia, India, Korea, the Caribbean and, of course,

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4 Ampersand Inc., "About Us."

5 Ampersand Inc., "Lines Archive,"

6 Brunswick Books, "About Us | | Brunswick Books,"

7 Small Press Distribution, "About : Small Press Distribution."

Canada—SPD sells approximately a quarter of a million books per year, mostly into wholesalers, online booksellers, and independent bookstores across the United States.[8]

8 Small Press Distribution, "History: Small Press Distribution."

Chapter 2.

Functions of the Distributor

2.1. Services offered

First and foremost, distributors fulfill one of the most important needs of the publisher that, in almost all cases, they cannot themselves satisfy: the ability to store hundreds, if not thousands, of books. Warehousing space is the distributor's main appeal and, coupled with shipping and handling, the foundation upon which the business model is built. Both UTP Distribution and Raincoast Books each boast over 60,000 square feet of warehouse space.

More warehouse space allows a distributor to stock not only more copies of a book, but a wider variety of titles from more publishers, making their catalogues far more attractive for booksellers and other retail accounts who will then be able to focus their purchasing efforts.

Location is also key when it comes to distribution warehouses. With Toronto as the publishing and book-buying epicentre of the country, 53% of publishers are located in Ontario and Quebec.[9] Warehousing, too, is largely concentrated in the east, particularly in the Greater Toronto Area—where UTP is situated—with accounts being supplied along a largely east-west route.[10] Raincoast Books and Heritage Group Distribution, however, are able to approach distribution from Western Canada, allowing Raincoast to establish itself as one of Canada's leading full-service distributors.[11] Regardless of location, distributors are able to organise freight at a much more economic rate than the publishers themselves could on their own—a crucial advantage in such a huge, thinly populated country.

Aside from physically shipping books, distributors also manage the financial and administrative necessities of each of their accounts. As they are generally more satisfied

9 Association of Canadian Publishers and Nordicity, "Canadian English-Language Book Publishing Industry Profile.", 10.

10 Turner–Riggs, "Book Distribution in Canada's English-Language Market.", 8.

11 Ibid., 15.

with the customer service of distributors over publishers,[12] bookstore chains are far less likely to deal with multiple small publisher accounts when they are able to consolidate their purchasing (and therefore shipping, returns, and invoicing) with a single consolidated distributor stocking the titles of many publishers.[13] In the same vein, it is much easier for a large distributor to collect timely payment on outstanding accounts, the traditional window for which is 90–120 days. Distributors then, as Turner–Riggs note, act as an aggregator in the marketplace that essentially “allows smaller firms to trade effectively with larger accounts.”[14]

The book trade also has a unique relationship with returns, unfortunately regarded as “a necessary cost of doing business.”[15] With almost all books sold on a sale/return basis, booksellers can return books during a defined period for a full refund, which has a knock-on effect to distribution that is unseen across other industries. As such, the processing of returns has become an essential consideration for distributors.

It has become increasingly common for distributors to also offer in-house sales representation to their publisher-clients. Canada-wide representation, or even Canada-US representation, is often an optional or additional service that can be included in the distribution agreement. Some publishers may opt to keep their sales efforts in-house should they have the capacity to do so and, as Turner–Riggs argue, this may be the ideal arrangement for a publisher[16]—those who have worked closest with the books throughout production are the most enthusiastic proponents of them—but many publishers will contract representation services from their distributor in some capacity. Woodham notes the advantages of being represented by a dedicated distributor, namely being able to make use of the available sales and marketing expertise.[17]

Distributors also aggregate and transmit bibliographic data to the relevant trading partners or other links of the supply chain in the process of securing orders from

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12 Lindsley, Blackburn, and Elrod, “Time and Product Variety Competition in the Book Distribution Industry.”, 349.

13 Turner–Riggs, “Book Distribution in Canada’s English-Language Market.”, 11.

14 Ibid., 11.

15 Ibid., 27.

16 Ibid., 4.

17 Woodham, *Book Distribution*, 4.

accounts.[18] Inventory data is also monitored as titles are shipped out, allowing the distributor, and therefore the publisher, to flag titles for potential reprint opportunities with enough lead-time to ensure there is no lapse in availability. Some of this data management is invisible to publishers until it becomes relevant, however some data is also useful for publishers to keep track of periodically. UTP Distribution, for example, offers publisher-clients access to their Publisher Intelligence (UTPPI) reporting system. UTPPI allows publishers to easily track the sales performance, inventory levels, and orders of their titles.[19]

2.2. Industry standard terms

The terms of publisher/distributor relationships differ on a case-by-case basis, and with some of the above services being optional, the cost of the relationship will fluctuate for individual publishers. Therefore, in this section we will consider some of the general costs associated with using a distributor.

Rather than being charged at a flat rate, distributor fees are calculated as a percentage of the publisher's sales volume. First and foremost is the service or fulfilment fee, generally ranging from 10–15% of sales; this "cut" taken by the distributor is on top of the approx. 40–48% discount passed on to booksellers, meaning publishers receive around 40% of the list price from which the overhead costs of producing the book are subtracted. A freight or transportation charge is also sometimes included on top of this. In the past the full cost of freight or shipping would be covered by the distributor, but with freight charges increasing it is now common for the distributor to pass on some of this cost to the publisher, in the form of a 2–6% fee.[20] UTP Distribution has instituted a "free freight" policy whereby publishers may opt in to offer free (or reduced) freight to bookstores on orders above a $300 threshold; including discounts, the cost to publishers amounts to a 2.5% charge on books included in the order.[21]

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[18] Turner–Riggs, "Book Distribution in Canada's English-Language Market.", 13.

[19] U Toronto Press, "Client Services - Distribution Services."

[20] Turner–Riggs, "Book Distribution in Canada's English-Language Market.", 26.

21 UTP Distribution, "Freight Policy."

Publishers also now more frequently find themselves charged with an excess storage fee depending on their distribution agreement. Warehouse space is a precious commodity that distributors must manage efficiently, and they are not inclined to waste that square footage on excessive stock. Publishers are generally charged for held inventory above a certain limit; these charges vary with the sales volume of each particular publisher (more profitable titles and publishers are afforded more warehouse space than those with a lower sales volume), but Turner–Riggs estimate that $0.01–$0.03 per calculated unit of overstock is standard.[22]

As a standard practice in the book trade, returns have been incorporated into the cost structure of distributor agreements. A returns processing fee is traditionally charged at 3–5% of returned sales, and when we consider even an optimistic returns rate of 20–25% (the reality is often closer to 30%), this cost can add up quite rapidly depending on the volume of sales, and can increase the overall cost of distribution considerably. Finally, should a publisher include sales representation in their distributor agreement, a commission is charged as a percentage of sales, generally ranging from 7.5–10%. These publishers then see their total sales and distribution costs reaching over 30% of their net sales.

The relative costs of distribution are, as with many things, subject to economies of scale. A publisher with a larger sales volume will see distribution costs decrease as a percentage of their total sales, being able to leverage lower costs from distributors who see much more business coming in from their lists. The difference in relative cost can range up to 10% of gross sales from a small to large publisher.

2.3. The supply chain

The journey from author to reader is a complicated one, and much of the process is obscured from the view of the consumer. Books pass through many hands, both physically and metaphorically, before they arrive on a reader's bookshelf. In this section we will explore the supply chain of the book publishing industry and further explain some of the other avenues through which books are ferried to their final readers.

22 Turner–Riggs, "Book Distribution in Canada's English-Language Market.", 26.

Publishers (along with authors) are the first stop in the supply chain of the book industry. Tasked with creating, refining, and bringing books to life, publishers prepare manuscripts through the editorial and design stages, at which point the baton is passed to the printers.

The majority of books coming off the press are delivered directly to a distributor. In the case of New Star Books, approximately 75–80% each of their spring list titles were shipped directly from Imprimerie Gauvin in Gatineau, QC, to the UTP warehouse in Toronto—as it would make little sense to ship the entirety of the print run west only to redirect the books back east. The remaining books are shipped to the Vancouver office for marketing and promotional use, fulfilment into the US through both Amazon.com and SPD, and to a small number of direct customers through their own online storefront.

Throughout the pre-production and production stages of a book's life, sales representatives concurrently begin to "handle" the book through various catalogue presentations and meetings with retail accounts. While many of the other links in the supply chain are responsible for physically transporting books, sales reps play an imperative role in getting the book *moving.* Selling the booksellers on a title is one of the most important steps in getting books in front of readers, and this is where sales reps step in, highlighting the key selling points and any publicity or buzz for the book to secure advance orders in seasonal buying meetings.

Once a distributor has received the books, the supply chain splits. Aside from traditional chain and independent retailers, distributors are also responsible for moving books into a number of other channels—trade wholesale, mass market wholesale, and library wholesale. Trade wholesalers keep inventories of strong or fast-selling titles that require quick re-stocking after the initial uptake in retail stores upon a book's publication.[23] They often provide fulfilment to smaller independent booksellers, non-traditional or specialty retailers, all of whom may not meet the minimum order requirements or shipment windows often stipulated by distributors.[24]

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[23] Turner–Riggs, "Book Distribution in Canada's English-Language Market.", 19.
24 Ibid., 19.

Mass market retailers are non-bookstore retailers of books including grocery stores and big-box retailers such as Walmart and Costco.[25] While US distributors have been reporting increases in this sector since the early 2000's, the mass market slice of the book trade pie in Canada is slightly less significant at around 10–20%.[26]

Lastly, library wholesalers service a number of educational and library clients, including public, school, and academic libraries. Operating somewhat like sales representatives in the trade market, library wholesalers present a select number of books to their clients, traditionally in seasonal or thematic catalogues, from which institutions will make purchasing decisions in accordance with their curriculum requirements.[27] The prioritization of this market will differ from publisher to publisher depending on their editorial output, but the specialised services that library wholesalers are able to offer in reaching institutional accounts and navigating the needs of these clients is invaluable for publishers, especially smaller ones.

2.4. Distribution in the digital world

It is no trade secret that the digital sphere has become an unavoidably imperative corner of the market. Many of the most important evolutions of the industry in the last two decades have centred on these developments. When discussing the digital in relation to book publishing, we most commonly think of the rise of e-books and, more recently, audiobooks, and it is true that shifts in the publishing ecosystem have been made to accommodate these formats. However, our digital focus also includes ecommerce online shopping and the rise of Amazon—still very much involving the physical distribution chain.

New Star Books presents an interesting opportunity to examine both sides of the Amazon coin. As part of their distribution agreement with UTP, fulfilment to Amazon.ca is managed directly from the Toronto warehouse, with order and sales details being compiled with their regular reporting data through UTPPI.

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25 Turner–Riggs, "The Book Retail Sector in Canada.", 4.

26 Ibid.,, 4.

27 Turner–Riggs, "Book Distribution in Canada's English-Language Market.", 21.

New Star has retained some distribution rights (and responsibilities) to the US, and therefore fulfils purchase orders from the Amazon.com warehouse in Moreno Valley, California. These tasks often fell to me during my time at New Star, and the process involved receiving and acknowledging weekly purchase orders each Monday, preparing the required books for shipment, and processing an Advance Shipping Notice (ASN) to provide Amazon with tracking information for the incoming shipment. Before the Covid-19 pandemic it was simple enough to drive across the border to Point Roberts, WA, 30km south of New Star's Vancouver office, to process the shipment as a domestic US package—thus saving the press a considerable amount in shipping fees that already cut quite severely into the profit margins of these sales. However, as border crossings became increasingly complicated with the pandemic, New Star has had to rely more heavily on Canada–US parcel shipping services such as ChitChats.[28]

Another important task involved in handling their own Amazon.com online distribution is the management of advertising. New Star decides which books to place competitive advertisements for on Amazon, and dictates a daily spend for each of those ads. Amazon's advertising portal allows New Star to track the performance of their ads and adjust spending accordingly.

The specifics of distributing e-books departs quite considerably from the physical distribution covered so far. E-books are distributed exclusively online and a traditional distributor will generally not be involved in this process. Publishers upload an .epub, .mobi, .kpf, or similarly formatted file to a service such as Amazon Kindle Direct Publishing or Rakuten Kobo Writing Life, where it is then distributed. Many of these platforms allow readers to purchase a monthly subscription with certain benefits (such as a free e-book each month, unlimited reads while subscribed, or discounted prices) on top of the ability to purchase and download e-books outright.

Other digital considerations include digital marketing, social media, and, with the Covid-19 pandemic bringing in-person events to a standstill, the pivot to remote and digital launch events—a crucial element of a book's publication and initial success in the

28 ChitChats is a low-cost shipping solution providing access to cheaper postage across Canada Post, USPS, and Asendia.

market. All of these make it impossible for the publisher to neglect the importance of the digital sphere in successfully connecting a book to its potential readers.

Chapter 3.

Canadian Distribution Landscape

Canadian book distribution as we know it today did not materialize out of nothing, and a number of the frustrations with the current state of book publishing and distribution are very much grounded in events throughout the history of the industry. This chapter, outlining these prominent historical events and the general landscape of book distribution, will allow us to better understand the challenges that Canadian publishers face and consider what can be changed with alternative solutions.

3.1. Prominent Canadian distributors

There are a number of large and small distributors across Canada. Here is an overview of the larger, Canadian-owned distributors, with notes on some of their most prominent represented publishers. These are the companies with which the majority of presses across Canada distribute their books—however larger, multinational publishers such as Penguin Random House undertake their own distribution operations.

UTP Distribution

As mentioned in Chapter 1, UTP is one of Canada's largest distributors, with ample access to the US market. Publishers of note include Arsenal Pulp Press, Douglas & McIntyre, Greystone Books, House of Anansi Press and a majority of Canadian university presses, along with an impressive list of North American university presses.

Raincoast Books

Raincoast has been operating in BC since 1979, offering sales, marketing and representation to a diverse range of titles across all genres, most notably providing the Canadian distribution for J.K. Rowling's *Harry Potter* series. The Raincoast umbrella also includes Publishers Group Canada, specialising in independent publishers, and BookExpress, for wholesale distribution.[29] Raincoast represents over 50 Canadian and international publishers, including: Figure 1, Sourcebooks, Bloomsbury, Farrar, Straus

29 Raincoast Books, "About Raincoast Books"

and Giroux, Macmillan US, Wattpad Books, and Lonely Planet. Under their PGC arm, Raincoast also distributes the titles of Anvil Press, Coach House Books, Pan Macmillan UK, and Text Publishing.

Heritage Group

Heritage Group Distribution is based in Surrey, BC, and provides a number of publisher services. While they distribute to all the standard channels, Heritage Group also excels in non-traditional and specialised wholesale and sale outlets including galleries and museums. Publishers they represent include Heritage House, Touchwood Editions, Orca Book Publishers, and Greystone Books, with whom they partner with for some regional sales programs and back-end publishing services.

3.2. History of Canadian distribution

A stubbornly resilient industry, publishing has taken its fair share of hits throughout history. A number of events have rocked and shaped the foundations of Canadian distribution, for better or for worse.

In the early 2000s as two of Canada's book retail giants were in the process of completing a merger that would see Chapters Inc. bought up by its former rival Indigo Books and Music, financial troubles were mounting for General Publishing Co. Ltd and its distribution arm, General Distribution Services (GDS). Chapters accounted for approximately half of GDS's bookstore sales; however, in the lead up to this historic merger, Chapters continued to leave accounts unpaid for anywhere from 110 to 250 days—well beyond the traditional 90-day terms.[30] Such a large interruption in cash flow quickly became unsustainable for GDS. With reports of their debts amounting to $45 million, the company was forced to file for bankruptcy in Ontario in 2002.[31]

The news created a period of serious unrest within the publishing industry as many of GDS's publisher clients, including large Canadian presses such as Douglas & McIntyre, had their inventory locked up, but this was only the beginning of the turmoil. Lengthy court proceedings froze the entirety of GDS's inventory and many publishers lost an

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[30] Eichler, "General Publishing Files For Bankruptcy Protection."

31 CBC News, "General Publishing to Be Sold to Pay Stoddart Debts."

unknowable volume of sales. Ultimately, these publishers collectively lost millions in seized inventory and owed sales; government assistance, in the form of emergency bridge financing, would not even cover half of the lost revenue.[32] All in all, over 60 Canadian presses, many of them small, faced financial hardships as a result of the closure of GDS.[33] Douglas & McIntyre alone lost close to a million dollars in the debacle.

2011 saw another big hit to Canadian distribution with the surprise closure of HB Fenn, Canada's then-largest book distributor, after nearly 35 years of operation. Two years prior, Hachette Book Group had begun handling its own sales for major Canadian retail accounts from a new Toronto office, while moving their fulfilment back over the border to the US.[34] As one of Fenn's largest accounts, this move from Hachette saw approximately half of their business lost, a major warehouse closed, and 50 workers laid off[35]—the beginning of the end. The official bankruptcy and closure left 125 employees out of work.

Another 40 companies, including a number of prominent US houses, were forced to resituate their distribution operations, and, as with the GDS situation a decade earlier, the associated publishing endeavors of Key Porter were thrown into uncertainty.[36] Publishers were shocked to hear the news, having had no idea of the precarious financial situation, and many scrambled to withdraw their inventory from Fenn's warehouses as soon as possible[37]—perhaps all too wary after the fallout of GDS.

Only three years later, in 2014, HarperCollins announced the closure of their Canadian distribution warehouses, consolidating their distribution efforts with their existing partnership with R.R. Donnelley.[38] Returns continued to be consolidated within Canada before being forwarded to a returns centre in Indiana to be processed.[39] While little

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32 MacSkimming, "Crisis and Renewal in English-Canadian Book Publishing, 1970-2004.", 20.

33 Ibid.,, 20.

34 Williams, "H.B. Fenn, Canada's Largest Distributor, Goes Bankrupt."

35 Barber, "Demise of H.B. Fenn Latest Blow to Canadian Publishing."

36 Williams, "H.B. Fenn, Canada's Largest Distributor, Goes Bankrupt."

37 Medley, "H.B. Fenn and Company Declares Bankruptcy."

38 HarperCollins, "HarperCollins Publishers To Move Fulfillment of HarperCollins Canada Titles to RR Donnelley."

39 Baldassi, "HarperCollins Canada Moves Distribution to U.S., Lays off President and CEO David Kent."

changed for Canadian booksellers stocking HarperCollins titles, all warehouse staff at the soon to be defunct facility in Scarborough, ON were dismissed by mid 2015, as were customer support staff as HarperCollins moved their customer support for their Canadian accounts to their Pennsylvania office.[40] This consolidation also resulted in the dismissal of HarperCollins Canada president and CEO, David Kent. Without the relevant infrastructure remaining and with publisher Iris Tupholme and vice president of sales and marketing Leo MacDonald continuing on with the consolidated HarperCollins US team in their respective roles, Kent himself was resigned to the fact that the role of CEO was no longer necessary.[41] HarperCollins called the change “the next step in the process” of their global supply chain solution, citing efficiency and competitiveness.[42]

It is interesting to note that in May of 2014, in a statement announcing the acquisition of Harlequin Enterprises, HarperCollins confirmed that the Harlequin headquarters would remain in Toronto, along with the offices of HarperCollins Canada.[43] While Harlequin is still based in Toronto (although their distribution is handled in Buffalo, NY), it would be only six months before HarperCollins closed shop in Canada.

As most in the industry are aware, publishing books is a precarious business. This is particularly the case for small and mid-sized publishers who do not have the luxury of a large safety net for tumultuous times, as multinational publishing firms do, and are subject to the at-times calamitous events just described. The resilience of the book publishing industry is in large part due to the passion and dedication of those smaller publishers keeping a diverse Canadian literary scene afloat. However, publishers should be careful to not let this resilience curdle into indifference—the challenges faced by publishers are not unchangeable facts of doing business, and history always affords us an opportunity to learn and improve.

40 Ibid.

41 Dundas, “HarperCollins Canada Gets out of Distribution; CEO David Kent to Leave.”

42 HarperCollins, “HarperCollins Publishers To Move Fulfillment of HarperCollins Canada Titles to RR Donnelley.”

43 HarperCollins, “NEWS CORP TO ACQUIRE HARLEQUIN.”

3.3. Government intervention and initiatives

In Canada, the publishing industry largely relies on the assistance of financial grants from either the federal or provincial governments, or both. Sales and distribution costs amount to approximately 30% of net sales for publishers,[44] and these funding initiatives are essential for supporting the ongoing operation of Canadian-owned presses. Established in 1957, the Canada Council for the Arts became the first federal funding body for the wider arts industry.

In BC the British Columbia Arts Council has provided funding and support to various areas of the arts sector since its founding in 1995, including the publishing industry. In 2020–21, financial support for Operating Assistance was granted to 17 publishers in BC, including New Star Books, and these publishers also received an amount from the Arts and Culture Resilience Supplement.[45]

The foremost funding initiative for Canadian book publishing is the Canada Book Fund (CBF). The fund was created in 1979 to provide support for publishers with a formula-based funding structure, on the basis of their sales of titles by Canadian authors. Originally conceived as the Book Publishing Development Program, it was later renamed the Book Publishing Industry Development Program (BPIDP) in 1986, and finally settled on the CBF in 2010.[46] The Standing Committee on Canadian Heritage's 2000 report found that, before the BPIDP funding, most publishers were not profitable,[47] and this remains the case today as many publishers rely on ongoing support from the CBF to remain operational.

The CBF continues to be vital to the Canadian publishing industry's survival. In the latest report (evaluating the program from 2012/13–2017/18) the Department of Canadian Heritage reports that the CBF distributed funds to 77 organisations and supports the publication of approximately 6,500 new Canadian-authored titles each year, across all

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44 Turner–Riggs, "Book Distribution in Canada's English-Language Market.", 6.

45 British Columbia Arts Council, "BCAC Grant Recipients Apr-Aug-2020.Pdf."

46 Canadian Heritage, "Evaluation of the Canada Book Fund 2012-13 to 2017-18.", 2.

47 Ibid., 16.

genres and markets.[48] It remains the foremost source of financial support received by a number of Canadian publishers.

More specifically to distribution, and with the pandemic drawing many industries to a near-halt in early 2020, the CBF implemented a Support for Distribution component "designed to provide temporary emergency financial relief to Canadian book distributors in the context of the COVID-19 pandemic."[49] This funding ensured that distributors were able to continue providing service to publishers and maintain a supply of books to the market. The fund enabled recipients to offset certain eligible cash expenses (payments to Canadian publishers) between April 2020 and March 2021, with the aim of maintaining a sustainable cash flow throughout the supply chain to support ongoing operations.

To be eligible for support, distributors needed to meet a number of criteria. Those already receiving CBF support through 2020–21 needed to demonstrate net sales of at least $100,000 throughout the previous year distributing Canadian-authored books from at least two Canadian publishers; this threshold increased to $200,000 and three publishers for distributors not supported by the CBF.[50] These sales thresholds did not apply to non-profit organizations. All applicants must have been operational for at least 12 months prior, and be primarily owned, operated, and located within Canada. Recipients would be eligible to receive up to $1.5 million in support, with funding allocated proportionally in consideration of eligible net sales reported by the applicant in relation to sales reported by all applicants. However, the awarded amount would not exceed 75% of distribution expenses, encouraging recipients to secure alternative funding sources.[51]

The Support for Distribution initiative did not end with the distributors themselves. In order to extend the reach of this funding, a stipulation of the program required recipients to re-invest an equivalent amount to further benefit retailers. Rather than a monetary benefit, this re-investment was regarded as a "financial consideration" passed on by distributors to their retail clients by way of discounts, promotional agreements,

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48 Ibid., 5-6, 56.

49 Canadian Heritage, "Support for Distribution—Canada Book Fund."

50 Ibid.

51 Canadian Heritage, "Application Guidelines—Support for Distribution."

extensions of payment periods without penalty, and coverage of shipping costs.[52] Distributors would be paying it forward, in a sense, to ensure that the next link in the supply chain would also see the benefits of the direct financial support received through the program.

3.4. Influence of the United States

As alluded to previously, it is not possible to ignore the influence of the United States just south of the border. With a population (and therefore market) approximately ten times the size of Canada's, the United States is a huge market and being able to sell there greatly expands a book's chances of success. UTP Distribution offers both Canadian and US distribution and representation; however, as mentioned, New Star retained their US distribution rights, currently partnering with SPD for access to this market.

However, the size of the US also creates a certain amount of competition between American and Canadian distributors. Distributors in any country are better equipped than publishers themselves to capitalise on economies of scale with their focused and consolidated large-scale warehousing and shipping operations, and we see a similar relationship between Canada and the US. Just about every stage of the process—printing, shipping, distribution, marketing—becomes more economically viable if you are able to scale volume up to decrease per-unit costs. It is here that the US undeniably has Canada beat.

US distributors, with their ability to capitalise on economies of scale in a way that Canadian competitors simply cannot, offer an alternative to the east-west distribution paths that we most often use here in Canada. While their headquarters are in Nashville, Tennessee, Ingram Content Group services publishers and booksellers from their main warehouse locations across the US, in Indiana, Pennsylvania, and Oregon.[53] The Oregon warehouse in particular provides a north-south trade route which, in some cases, proves a faster and more economic alternative for customers on the west coast of Canada than freighting books from Ontario—even when factoring in the cost of cross-border freight and customs. Ingram, with their scale, also offer additional services across

52 Ibid.

53 Ingram Content Group, "About the Company | Ingram Content Group."

the US and internationally in Europe and Australia, such as their print-on-demand LightningSource program, allowing them to attract much more international business and provide access to evolving technologies.

When discussing some of the previous hardships of the Canadian book industry earlier in this chapter we saw that the closure of a number of companies' Canadian operations has caused quite a bit of strife. As larger US distribution operations (especially for the Big 5 publishers) become the more cost-efficient option, Canadian distributors must play to their strengths within their domestic market to maintain a hold on the Canadian distribution landscape. However, with publishers having the option to outsource their sales representation to their distribution partner (or alternatively keep their sales and marketing efforts in-house entirely), there may be little benefit for publishers of a certain size to continue distributing through Canadian firms.

Chapter 4.

New Star Books: A Case Study

The placement at New Star Books beginning September 2020 afforded me a unique opportunity not only to experience the operations of an independent Canadian press in general, but also to evaluate the challenges of a change in distribution—particularly during an inordinately difficult period such as the Covid-19 pandemic.

4.1. New Star's distribution history

In a conversation, publisher Rolf Maurer noted the influence of digitization on the centralisation of once very fluid publisher-bookseller relationships. With purchase orders and invoicing having become digitised and automated through the '90s, there remained very little space for the kinds of relationships that presses such as New Star had forged directly with booksellers. Gone were the days when a publisher simply "filled up the car with boxes of books, drove out to [bookstores], dropped in and said 'Hey Martha' or whoever the manager was, 'new book out, do you want any?'"[54] This has been an ongoing concern. In a 1995 interview with Jerome Gold, Maurer said:

> Ironically, I think our distribution was much better ten years ago when we could still do our own fulfillment to bookstores. However, like a lot of publishers, there's been a lot of pressure on us in the last five or ten years to move away from that model of direct fulfillment and to move to a model of meeting the bookseller's needs through larger distribution networks.[55]

The mounting necessity of formal distribution has indeed become unavoidable, according to Maurer. Looking back on the distribution history of New Star Books from the early '90s to today reveals an interesting journey—further demonstrating the fraught nature of the book distribution landscape in Canada and the challenges publishers have faced in the search for adequate and effective distribution options.

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54 Maurer, Personal conversation with Melissa Swann.

55 Maurer, Interview by Jerome Gold, *Publishing Lives*, 459.

Though they were not yet a member of the Literary Press Group (LPG), in the early ’90s New Star did join a collective of publishers organised by LPG to negotiate a single distribution relationship with UTP known as The Distribution Project. LPG had been facilitating this agreement, with the support of Canada Council, since 1987.[56] Distributors at the time were still quite hesitant to work directly with smaller publishers, and, although Maurer notes that they would eventually become more willing to take on these publishers individually,[57] the LPG provided an invaluable foot in the door for many publishers seeking more formal distribution. This project would result in the founding of LitDistCo in 2003, combining the LPG’s existing efforts in sales, marketing, and advertising their member’s titles. LitDistCo currently provides distribution for 30 Canadian presses, including Ronsdale Press, Now or Never Publishing, and Brick Books.[58]

When it came time to renegotiate and renew the contract with LPG’s distribution collective in the late ’90s, an agreement was not able to be reached with UTP and instead a new contract was formed with General Distribution Services. Of course, the downfall of GDS was imminent, however, by a stroke of luck or perhaps keen intuition, Maurer had already determined that the current relationship was no longer a good fit for New Star, despite the distribution costs for 2000–01 settling at a reasonable 24% on just over $83K of sales.

Table 1: Distribution costs 2000-2002: GDS

PERIOD	SALES	DISTRIBUTION EXPENSE	% OF SALES
2000–01	83,386.40	21,614.37	24.65
2001–02	66,751.00	19,904.08	28.48

Citing a certain amount of disillusionment with the state of book distribution overall and even considering going out of business entirely, Maurer vividly recalls giving notice to Jack Stoddard himself in December of 2001—less than half a year before news broke of

56 Literary Press Group, “The Literary Press Group’s Timeline.”

57 Maurer, Personal conversation with Melissa Swann.

58 Literary Press Group, “The Literary Press Group’s Timeline.”

GDS's impending closure.[59] This timing proved incredibly fortuitous as, while practically all other publishers with GDS at the time had their stock inconveniently (and for many, permanently) tied up in the receivership proceedings, New Star was able to successfully argue that, given their industry standard six-month notice, their relationship with GDS had effectively concluded *prior* to the distributor's bankruptcy, and as such their stock was to be returned. The fall of GDS did not similarly crash over New Star Books; without such serendipitous timing, New Star may very well have ceased to operate.

For the next decade, from 2002 until 2012, New Star would distribute their titles in-house. Against all the warnings that no bookstore would deal with a self-distributing press, Maurer found that even the larger chains *would* in fact order directly from the publisher. Maurer admits that this was, at times, somewhat of a hassle, but for a decade New Star proved that it was indeed possible. At any given time New Star has been home to two or three employees, and in-house distribution did indeed require a considerable amount of labour and attention for their already small team.

Table 2: Distribution costs 2002-2012: In-house distribution

PERIOD	SALES	DISTRIBUTION EXPENSE	% OF SALES
2002–03	68,368.61	17,526.03	23.24
2003–04	90,294.83	22,942.16	22.05
2004–05	101,117.99	23,593.50	20.12
2005–06	71,223.99	18,190.86	22.38
2006–07	61,338.20	19,839.23	29.63
2007–08	89,566.04	20,962.90	21.02
2008–09	74,193.82	23,906.24	29.31
2009–10	68,501.43	20,724.97	27.22
2010–11	62,901.15	20,228.58	29.51
2011–12	61,239.14	10,570.79	15.62

59 Maurer, Personal conversation with Melissa Swann.

Maurer's "Plan A" solution to the collapse of their previous distribution models under the new "centralised" distribution landscape was to maintain a smaller but faster and more consistent presence on bookstore shelves by sending a small number of copies and being informed when they sold—at which point New Star would replenish the stock,[60] significantly lowering the level of risk for the bookstore. While this required more time and work for New Star, the effort resulted in increased sales and lowered returns, and a much-improved business relationship with the handful of booksellers with which New Star had implemented this method. Maurer would later discover that this strategy did indeed have a name: vendor-managed inventory or distribution through a "merchandising plan," as Leonard Shatzkin calls it.[61] Rather than distribution-by-negotiation, our current and most widely used method, whereby sales reps pitch or attempt to negotiate their way onto a bookseller's shelves, vendor-managed inventory "shifts the responsibility for the inventory of books ... from the bookseller to the publisher."[62] New Star saw the height of this system's success in about 2006–07, at which point they were managing this relationship with between 16 and 18 different booksellers, who—coincidentally enough—came to represent approximately 16-18% of their sales.[63]

The plan began to lose steam after this point, however, and despite their decent sales results, New Star noticed considerable pressure from the granting agencies to get on board the distribution train.[64] In 2012 they joined LitDistCo, with whom they had already been partnered for sales representation through the LPG. Physical fulfilment was contracted out to Fraser Direct, who Maurer notes were somewhat inflexible in their relationships with booksellers—adhering quite strictly to payment terms which, at times, made some booksellers reluctant to place orders.[65] With sales of around $50-60K at the beginning of their distribution relationship with LitDistCo, New Star saw a considerable decline over the second half of their contract, even as they continued to handle a

60 Maurer, Personal conversation with Melissa Swann.

61 Shatzkin, *In Cold Type*. 155.

62 Ibid., 157.

63 Maurer, Personal conversation with Melissa Swann.

64 Ibid.

65 Ibid.

number of accounts in-house, and by 2016 chose not to renew with LitDistCo, instead opting to shift once again to a new distributor.

Table 3: Distribution costs 2012–2016: LitDistCo

PERIOD	SALES	DISTRIBUTION EXPENSE	% OF SALES
2012–13	50,961.58	17,042.54	32.25
2013–14	58,609.25	22,867.20	37.99
2014–15	57,981.58	23.273.74	39.39
2015–16	48,938.02	19,853.15	39.82

The following four years from 2016 to 2020 with Brunswick Books saw little recovery in their sales figures and, in fact, a concerning increase in distribution costs. The years 2016–17 and 2017–18 ended with distribution costs just shy of 50% and 51% of sales respectively, coupled with concerningly high returns. New Star's distribution costs from 2000 onwards (see Tables 2 and 3) show an upward trend in distribution costs, with averages rising from the mid 20s to the mid- or even high-30s. The rising costs of freight and warehousing are to blame for these trends across the book publishing industry, and many publishers have simply needed to accept this as the cost of doing business.

Additionally, the year in which a publisher changes distribution partners must be approached with caution, as such a decision comes with the undoing of working relationships, as warned by Woodham.[66] Moreover, interruptions in cash flow are to be expected as well; we can observe this in the final year of New Star's contracts with both GDS and LitDistCo, when sales decreased by 24% and 18% respectively. However, a >10% increase in distribution costs as relative to sales between 2015–16 and 2016–17 is more than enough reason for concern, and certainly not a favourable opening to a new distribution relationship.

66 Woodham, *Book Distribution*, 5.

Table 4: Distribution costs 2016–2020: Brunswick Books

PERIOD	SALES	DISTRIBUTION EXPENSE	% OF SALES
2016–17	38,921.40	20,045.55	49.98
2017–18	43,065.19	22,786.42	50.96
2018–19	153,335.23	60,882.69	38.77
2019–20	63,928.89	21,973.82	33.16

Distribution costs with Brunswick eventually settled down to 39% and 33% in the following two years, notably coinciding with the release of one of New Star's most successful titles in the last decade, *The Big Note: A Guide to the Recordings of Frank Zappa* by Charles Ulrich, published in mid 2018[67] and reflected in the three-fold increase in sales in 2018–19. The high sales for this title likely allowed New Star and Brunswick to capitalise on much more economical shipping rates. However, despite this record year in sales and the continued decrease in distribution costs over the next two years, it would seem the damage was already done and New Star gave their notice to Brunswick for the end of 2019.

The move to UTP Distribution would prove to be less than smooth. As with any distribution move, a publisher needs to consider the interruptions to both book supply and cash flow in the interim period. During the traditional six-month notice period, one must notify the trade customer base, organise the change of returns policies and how this will be handled between the two distributors, pack up stock, ship it to the new facility, and subsequently get the new distributor to *un*pack, as well as considering the time it will take to get up and running in the new system.

Between Brunswick and UTP there was yet another delay. While the distribution relationship came to a close as planned in December of 2019, New Star's titles did not arrive at the UTP warehouse until February 2020, with Canadian distribution only resuming in mid-March 2020—by which point, of course, the Covid-19 pandemic had

67 New Star Books, "The Big Note | Charles Ulrich," accessed June 28, 2021.

begun impacting the world on a much larger scale and the Canadian book trade was coming to a grinding halt.

4.2. Current relationship with UTP/Ampersand

Publishers across the world have had to adapt to the circumstances thrust upon us all by the pandemic, making this an uncertain year for all, but specifically so for New Star Books, who were also attempting to navigate and evaluate a new distribution agreement with UTP. However, the sales figures reveal quite a positive result despite the supply chain and retail market disruptions of the pandemic. New Star would find itself posting a 13% increase in sales in 2020–21, with distribution expenses actually holding a steady percentage on their sales as compared to their final year with Brunswick.

Table 5: Distribution costs 2020–2021: UTP Distribution

PERIOD	SALES	DISTRIBUTION EXPENSE	% OF SALES
2020–21	72,328.21	25,392.18	33.64

In a strange turn of events this would actually *disqualify* New Star for Covid relief funds from the Canada Council as they did not post a loss as a result of the pandemic.[68] It is difficult to gauge what the true increase in sales may have been had this move in distribution and representation not coincided with the extenuating circumstances of 2020, or if New Star had been able to establish a more stable baseline with UTP Distribution before the pandemic. The figures of Table 5 may not seem as impressive, but given we are comparing these sales figures with the final year of a less than satisfactory distribution contract, they nonetheless remain a marked improvement. It is a very promising sign that, through UTP's distribution, New Star was able to see this improvement even in the face of 2020's adversity.

The question of returns is a vital piece of the distribution puzzle. Looking at the return figures throughout the calendar year of 2020 (see Table 6) we can note a number of things. Firstly, January is absent from the table. Due to the delay in transferring stock

68 Maurer, Personal conversation Melissa Swann.

from Brunswick to UTP, no sales were recorded through this first month, and with only a single return processed the figures for January are negligible for the purposes of this report. February, however, tells a very different story. With UTP honouring returns from previous sales through Brunswick, returns in this period actually surpassed sales.

We also see an increase in returns in the summer, with June at 60% and both July and August at a much lower (though still comparably high) 32% and 35% respectively. Even under normal circumstances it is standard for booksellers to re-evaluate their stock ahead of the all-important fall season. However, publishers across Canada experienced a substantial increase in returns through this period, coinciding with the reopening of many bookstores, particularly in Eastern Canada. Facing greatly reduced revenues and ongoing uncertainty, booksellers made larger than normal returns, causing great concern for a number of publishers already attempting to navigate low cash flow and delayed titles.[69]

Table 6: Returns 2020: UTP Distribution

MONTH	GROSS SALES	RETURNS	SERVICE FEES (4%)	TOTAL COST OF RETURNS	% OF SALES
February	763.14	856.02	34.24	890.26	117%
March	1255.08	223.02	8.92	231.94	18%
April	381.96	41.28	1.65	42.93	11%
May	1267.09	42.00	1.68	43.68	3%
June	1329.57	772.38	30.90	803.28	60%
July	1251.78	391.89	14.43	406.32	32%
August	881.71	295.26	11.81	307.07	35%
September	987.81	35.88	1.44	37.32	4%
October	1551.48	135.00	5.40	140.40	9%
November	1298.95	115.20	4.61	119.81	9%
December	1826.30	128.76	5.15	133.91	7%

69 Strong, “Unsold Book Returns in Coming Weeks Could Be Another Blow for Publishers.”

AVERAGE	1163.17	276.06	10.93	286.99	24%

The table above also takes into account UTP's 4% service fee on returns processing, allowing us to see the full cost of returns. With all of these factors included, New Star averaged a 24% return rate through 2020. BookNet Canada's 2019 State of Publishing in Canada report found an average return rate of 17% across all retail sectors for trade publishers, however it should be noted that chain/mass-market retailers and independent bookstores had return rates of 33% and 22% respectively.[70] With online and library wholesale channels bringing this "normal" average down significantly, New Star's average return rates through an incredibly *abnormal* year do not pose too much cause for concern.

New Star's terms with UTP Distribution are aligned with the industry standard, with a 10% basic commission rate on sales, and that 4% service fee charged on regular returns.[71] An additional 2.5% is charged as a transportation fee on Canadian orders qualifying for UTP's "free freight" policy, whereby shipments with a net value of >$300 that include titles from participating publishers can receive free freight (or proportionally discounted freight, if the invoice includes both free and non-free freight titles),[72] creating a handsome incentive for booksellers to place larger orders, which becomes more viable as more publishers sign on to the program.[73] Publishers signing a distribution agreement with UTP do indeed have the opportunity to opt out of sales to accounts that require free freight as a condition of sale, though New Star did not choose to opt out in any case.

Excess storage is charged at a rate of $.015/unit of overstock, when units held in storage are >1.5x the total sales for the previous 12-month period. This rate holds steady from the 2008 average of between $0.01–$0.03.[74] UTP granted an introductory 2-month credit on these storage fees at the beginning of the contract. New Star is also

70 BookNet Canada, "State of Publishing in Canada 2019," 15.

71 A 2% return fee is charged for pulped returns, however this was not applicable through 2020.

72 UTP Distribution, "Freight Policy."

73 Carter, "UTP Distribution's Free-Freight Program Promises Relief to Booksellers."

74 Turner–Riggs, "Book Distribution in Canada's English-Language Market," 26.

responsible for the cost of freight when transporting new titles from their printer to the UTP warehouse.

The payment collection periods also follow very standard outlines, with UTP collecting on customer accounts within 120 days, paying outstanding amounts to New Star within 90 days, and collecting outstanding amounts from New Star within 30 days. While these terms are accepted as the norm across Canada, they do indeed favour the cash flow needs of the far end of the distribution chain, another difficult hurdle for publishers.

This current agreement with UTP Distribution is for a two-year period, from January 1, 2020 to December 31, 2022, with automatic renewal for further one-year periods following this end date, unless prior notice of termination is given at least six months in advance. This gives New Star slightly more flexibility than their previous four-year terms with both Brunswick Book and LitDistCo.

Another new variable to New Star's distribution is the agreement with Ampersand Inc. for sales representation across all territories in Canada. Having previously sought sales representation from LitDistCo (prior and separate to their 2012–16 distribution agreement), New Star instead opted to more closely align their distribution and sales efforts, with Ampersand representing a significant proportion of UTP's clientele.

Ampersand's commission terms amount to 10% net on traditional retail accounts and 5% net on all wholesale, warehouse, chain, and Amazon.ca accounts. UTP conveniently collects these commission fees on behalf of Ampersand, rolling all of New Star's distribution fees as set out above into a single monthly report. UTP's Publisher Intelligence system also provides a convenient and regularly updated overview of the performance of the sales reps, as New Star is able to track orders coming into the system, identify any key accounts that may benefit from additional attention, and communicate this to the sales team.

Table 7: Sales Representation Commission 2020: Ampersand Inc.

MONTH	GROSS SALES	SALES REP COMMISSION	% OF SALES
February	763.14	13.78	1.8%
March	1255.08	93.98	7.4%
April	381.96	16.08	4.2%
May	1267.09	84.06	6.6%
June	1329.57	36.86	2.7%
July	1251.78	43.49	3.4%
August	881.71	45.77	5.1%
September	987.81	45.01	4.5%
October	1551.48	88.93	5.7%
November	1298.95	71.38	5.4%
December	1826.30	120.22	6.5%

Under different circumstances, Ampersand's Vancouver showroom would be open and many of the now-virtual sales conferences and meetings would be conducted in person with Ampersand's west coast representatives. Perhaps this will be the case in the future, but for the time being New Star has needed to adapt to the circumstances and develop this new relationship with their sales representatives solely through the screen. Nevertheless, Ampersand's performance throughout the first year of this relationship has been positive.

4.3. In-house responsibilities

In Chapter 1 we briefly examined the processes involved in New Star's distribution to Amazon.com, along with their US distribution through SPD. While the scope of this report does not include an analysis of New Star's relationship with SPD or the efficacy of their US distribution, there are a number of notes to be made on the in-house responsibilities retained by New Star Books.

The first is in the transferring of stock across the border. Standard procedures for getting New Star's books into the US include informing SPD of new titles each season, at which point a purchase order is received, generally for between 40 and 80 copies; bibliodata is transmitted directly to SPD for populating entries on their website and catalogues; and, finally, when the books arrive in Vancouver, they are boxed up and shipped south to SPD's warehouse in Berkeley, CA.

In the case of Amazon.com, smaller advance purchase orders are received when a new title is submitted online, closer to the range of 12 to 20 copies, which are similarly shipped out from the Vancouver office once the books arrive. To steadily supply both front and backlist titles to Amazon, a weekly purchase order is received via the Amazon Advantage portal, processed, packaged, and shipped out to Amazon's warehouse in Moreno Valley, CA.

As noted above, the Covid-19 pandemic has greatly impacted US distribution costs at New Star in the last year as, with the border remaining closed, all shipments into the US (to SPD, Amazon.com, and direct website orders) have been sent by international post, rather than via the short drive to Point Roberts, WA, where New Star could capitalise on the much-reduced costs of domestic post. Small Amazon.com purchase orders containing only a couple of books will be sent via ChitChats, a low-cost US shipping carrier, which usually operates through USPS once packages cross the border.

Regardless of the state of cross-border travel, a modest amount of in-house labour is necessary for exporting books for US distribution. However, in late 2020 New Star encountered an interesting outlier to these standard processes when US interest in one backlist title increased greatly for the holiday season. The press received a handful of substantially larger purchase orders for this title from both Amazon.com and SPD, and needed to quickly arrange shipments that ranged between 100 and 300 copies—something that could not possibly be achieved through the traditional postal system. Processing such a large purchase order involved organising the inventory on hand, adequately stacking and wrapping a pallet for transport, booking a freight service, coordinating a customs broker for exporting into the US, and preparing all necessary invoicing and customs documentation for the shipment.

This Amazon order allowed for some first-hand experience with larger and more complicated distribution processes, and an appreciation for the capacity and expertise of dedicated distribution warehouses. For a press such as New Star, the volume of such a purchase order was quite an undertaking, and while we were able to organise the shipments within a couple of days it did indeed distract significantly from regular duties during that time. Indeed, it seems far from feasible for New Star, with a regular staff of only three and quite limited office space, let alone warehouse space, to tackle full-scale distribution operations. In contrast, at Vagabond Press, a much smaller publisher with a sole output of poetry (save one or two non-fiction titles) and without the next-door neighbour of the US market, in-house distribution was a much less herculean task.

Outside of these physical distribution responsibilities, the press also manages the invoicing, payment, and returns for a small handful of accounts, primarily in Western Canada, that still maintain direct relationships with New Star. New Star has also recently made a more concerted effort to reach library wholesale accounts within Canada, placing ads in the Library Bound catalogue and working alongside the Ampersand reps to target key municipalities for certain titles.

Chapter 5.

Alternative Models

5.1. Small press priorities

Of the 245 active English-language publishers in Canada identified by Nordicity in their 2018 report for the ACP, 78% have fewer than ten employees.[75] With only 2% of publishers employing over 50 people,[76] it is clear that much of the publishing landscape in Canada is populated by small- to medium-sized presses who have vastly different needs and resources to the "Big Five" publishers.

The defining differences of small publishers are, as George Parker puts it, a matter of "scale, purpose and ideology."[77] Most often literary or otherwise specialised, these presses place more focus on cultural value than they do on commercial success or volume. The kinds of people who undertake this kind of publishing are not the type to immediately pass on a book "if the market isn't there to justify its publication."[78] These presses are reliant on the ongoing federal and provincial support outlined in earlier chapters, and are well aware of the less-profitable nature of their businesses when compared to the likes of Penguin Random House or HarperCollins. Word of mouth, author circles, and community connections are more often the drivers of success for smaller presses, as opposed to large nationwide marketing campaigns or publicity tours. With smaller print runs, more titles within "niche" or countercultural audiences, and a larger gamble being taken on new and underrepresented voices, these publishers are certainly not exclusively "geared to market books that will be profitable."[79]

This is not to say that these presses are not interested in the success of their titles, but rather that the contribution to literature, culture, and community is a larger consideration than whether or not a book will necessarily top the bestseller lists. We can see this

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75 Association of Canadian Publishers and Nordicity, "Canadian English-Language Book Publishing Industry Profile," 8.

76 Ibid.

77 Parker, "Small Presses."

78 Lam, interview by Jerome Gold, *Publishing Lives*, 473.

79 Ibid.

translate from editorial and publishing decisions right down to distribution, with smaller publishers forging closer relationships with independent booksellers than larger publishers do, reaching a considerable number of readers through these channels. By sheer volume, the big players of Chapters Indigo and Amazon still constitute the largest slice of the pie, and a presence on their shelves remains a considerable factor of success in most cases (we will even see how market concentration in this sense can actually serve as a benefit), but independent bookstores still play a vital role in the sale of books by small presses. Despite losing market share since the early 1990s,[80] the independent sector has shown signs of recovery and was especially pivotal during the Covid-19 pandemic; its ability to pivot amidst new public health regulations and generate much-needed local support with initiatives such as Canadian Independent Bookstore Day made a marked difference for many publishers.[81]

Eastern concentration of the publishing industry is no secret in Canada, nor are the established east-west supply lines. The majority of publishers are in eastern Canada; 53% of all publishers in the country are based in either Ontario or Quebec and between them they account for 70% of the industry's employment[82]—though this number is understandable given the Big Five are all based in Toronto. However, publishers outside of Ontario and Quebec still make up a considerable portion of the industry, with British Columbia and the Prairies accounting for another 39% of publishers combined. While it is unlikely that the epicentre of Canadian publishing will shift away from the Toronto hub, it is not misguided to consider solutions to the difficulties in distribution that western publishers and booksellers face. These include higher costs of shipping and extended shipment times, a crucial factor in today's just-in-time retail landscape, where "minimiz[ing] the time between customer need and customer satisfaction" comes at a premium price and is often an expectation rather than an added benefit.[83]

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80 Evans & Co and Association of Canadian Publishers, A Review of the Canadian Book Industry, 62.

81 CBC Books, "Canadian Independent Bookstore Day Encourages Readers to Shop Local | CBC Books."

82 Ibid., 10-11.

83 Lindsley, Blackburn, and Elrod, "Time and Product Variety Competition in the Book Distribution Industry," 346.

Some of the alternatives proposed in this chapter would be of most benefit to publishers isolated from eastern distribution centres, offering different logistic alternatives to distribution in the west, while others are applicable to small- and medium-sized publishers across Canada as they offer a different approach to selling books into retail stores and minimizing returns.

5.2. In-house alternative

In 2008, Turner–Riggs calculated that the typical cost of distribution can easily be in the range of 30–35% of net sales annually.[84] Looking at New Star's distribution costs from this point onwards we can see that, in the years New Star partnered with an external distributor, costs often exceeded this range, even if we exclude the two outlier years of 2016–17 and 2017–18 with Brunswick Books. While these figures may be partially explained by ongoing inflation and the general rising costs across the industry, it cannot be ignored that in the years New Star was self-distributing their titles, both before and after the findings of the Turner–Riggs report, distribution costs fell consistently *below* this average range. Additionally, sales were not negatively impacted by the decision to distribute in-house, even greatly outperforming sales figures from years partnered with LitDistCo and Brunswick Books.

This begs the question: why not return to in-house distribution? The general consensus in the early 2000s when New Star made the switch was that self-distribution was a death sentence for independent publishers—however for a decade New Star made it work. So, while the landscape of distribution has most certainly evolved in the decade that has since passed, self-distribution is worthy of some reconsideration.

Many have expounded on the benefits of self-distribution: closer control of distribution methods; more direct awareness of sales information, promotional opportunities, and market intelligence;[85] and the ability to align one's publishing program and distribution strategies.[86] Distributing one's own books also allows for more effective (and, perhaps, passionate) representation to booksellers—as no one will know the book quite as

84 Turner–Riggs, "Book Distribution in Canada's English-Language Market," 26.
85 Turner–Riggs, "Book Distribution in Canada's English-Language Market," 10.
86 Ibid., 16.

intimately as the publisher does. The number of new books published in Canada is increasing each year, giving sales reps an overwhelming amount of ground to cover in their meetings with buyers and no extra time in which to cover it.[87] As a result, smaller independent publishers often find their titles relegated to the bottom of the pile behind larger clients, often mentioned at the end of the meeting, if at all.[88]

Where once it may have been a daunting task to attempt to reach so many individual accounts, book retail consolidation has resulted in approximately half of the market being represented by just a handful of main players: Chapters Indigo, Amazon, and Costco.[89] While this consolidation poses its own concerns for the overall health of the book retail market, the current reality does indeed greatly simplify the buying process. For example, while Chapters' purchasing decisions are now supported by regional buyers to strengthen local titles across Canada, there is a single, Toronto-based buying team for every Chapters Indigo storefront in the country, giving the publisher access to approximately 44% of the national book-buying market in one fell swoop.[90] It has already become more common for publishers to handle these "national accounts" as "house" accounts.[91]

The widespread availability of software such as Bookmanager and BNC's CataList—both of which New Star is already using as part of their relationship with UTP and Ampersand—also allows publishers to easily share data with independent booksellers, with almost 330 bookstores of all sizes registered on Bookmanager.[92] Market research for each title should also identify key sales areas and target bookstores, such as the author's hometown or any specific regions that are relevant to the book (as in the case of New Star's Transmontanus series), and New Star is already including this information in seasonal sales conferences with Ampersand. With a glance at the UTPPI system it is easy to identify a number of booksellers routinely stocking New Star's titles; developing

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87 Shatzkin, *In Cold Type*, 59.

88 Woodham, *Book Distribution*, 4.

89 Turner–Riggs, "Book Distribution in Canada's English-Language Market," 18.

90 Turner–Riggs, "The Book Retail Sector in Canada," 39.

91 Turner–Riggs, "Book Distribution in Canada's English-Language Market," 17.

92 Bookmanager, "Bookmanager About."

direct and ongoing relationships with these booksellers would account for a significant presence within the independent sector.

On the flip side, there are a number of drawbacks to in-house distribution. Much higher annual sales are necessary to maintain a full-time, dedicated sales representative, with some estimates reaching as high as $1 million.[93] This estimate, of course, takes into account the travel budgets usually associated with this role—but with the Covid-19 pandemic prompting a substantial shift in how sales reps meet with accounts, it remains to be seen if the current digital approach is here to stay.

Nevertheless, in-house representation may not be the appropriate approach for a small press to begin with. With a more free-flowing and collaborative organisational structure, where many responsibilities are passed around or shared, the role of the "sales representative" would likely fall, in part, to multiple people. The concern, then, becomes a matter of available labour. While a press such as New Star would not find it economically viable to hire a full-time, in-house sales representative, it would likely be necessary to bring on at least one more employee to ensure that all current editorial and administrative responsibilities can be covered alongside the needs of sales and distribution. As Woodham notes, one of the most imperative questions in the decision of self-distribution is if the "time and energy being devoted to managing the distribution [is] detracting from the priority task of directing and expanding the company."[94] This is no small decision, as salaries and wages account for approximately one quarter of publishers' annual operating expenses.[95] The additional labour, of course, also encompasses the physical labour required, including packing, shipping and inventory management as well as the receiving and processing of returns. While these would not be extravagant for a press the size of New Star, neither are they inconsequential.

Now we fall to, perhaps, the most prohibitive factor in self-distribution: space. One of the most attractive advantages of external distributors is gaining access to their warehouse space. It would be impossible for New Star to find a warehouse space that would allow

93 Turner–Riggs, "Book Distribution in Canada's English-Language Market," 17.

94 Woodham, *Book Distribution*, 3.

95 Statistics Canada, "Table 21-10-0200-01 Book Publishers, Summary Statistics."

them to store their books anywhere close to the $0.015/unit offered by UTP Distribution, particularly in Vancouver, where the cost of real estate is especially high.

5.3. Collective alternative

With square footage being the biggest hurdle to managing one's own distribution, perhaps there is a case to be made for a collective/shared warehousing agreement. However, New Star's distribution costs with LitDistCo were considerably and consistently high, averaging 37.3% over the four years of their contract, contrary to the claim by Tuner–Riggs that such an arrangement should enable a press to "access a full-service distributor at more manageable costs than would otherwise be available."[96] If the main benefit of collective distribution is the ability to share the overhead cost of warehousing space, and self-distribution/ representation affords the publisher greater control over the sale of their titles, is there instead a hybrid model whereby account management, processing, and labour are largely retained by the publisher?

Such an alternative only becomes viable if a number of small publishers in a relatively localised area come to an agreement on pooling resources to share a common warehouse space while continuing to undertake their own representation and account management. An agreement of this nature ensures distribution is personal and effective, as outlined as a benefit in the self-distribution model, and that overhead fees, as New Star experienced with the existing LitDistCo, do not become excessive.

If this kind of collective were able to be gathered, this kind of model could be useful not only for local presses here in the Lower Mainland, but also on Vancouver Island or in the Prairies, enabling multiple publishing communities to take control of their distribution in a more straightforward manner.

This potential alternative, of course, does not solve the east-west distribution chain issues, it only reverses them. Creating a network of these local collectives could potentially serve as a remedy to this predicament, allowing publishers in one region to consolidate their cross-country shipments to be received and processed in another region—perhaps even with the possibility of a free or discounted freight incentive similar

96 Turner–Riggs, "Book Distribution in Canada's English-Language Market," 16.

to UTP Distribution. A network such as this would afford all members a mutually beneficial shipping solution and the ability to extend this solution to booksellers, making the network collective a much more attractive account to do business with.

Many of the other benefits of this collective distribution method are shared with that of an in-house distribution model. It would, however, require efficient and clear communication and collaboration between presses and the implementation of some form of organisational software to track inventory levels (though this may be maintained/updated by individual publishers), consolidation of orders for shipment, and receiving any inbound shipments of new books or returns. Brian Lam, publisher at Arsenal Pulp Press, once noted that the community surrounding presses here in Vancouver in particular is one that encourages collaboration and the exchange of information. There is a cooperative, rather than competitive, atmosphere[97]—a promising sign for the potential success of such a model.

5.4. Vendor-managed inventory

Terry Maher, of Pentos PLC (now-defunct previous owners of the also-defunct Dillon's bookstore chain in the UK), predicted a number of future changes in the closing pages of Roger Woodham's 1988 book on distribution, two of which held striking accuracy into the 21st century; firstly, that bookselling would be dominated by the major bookstore chains, giving books far more retail space overall; and secondly, that the bookseller would come to gain more power over the publisher, with discounts becoming a major determining factor in how much window or shelf space publishers' books would receive.[98] However, Maher's third prediction would not ring true—he anticipated that sale or return agreements (or consignment, as we know it) would become a thing of the past, replaced "with the pricing down of slow moving titles much as other retailers would do with other consumer products."[99]

The way books are sold into bookstores is unseen in most other industries, and while the original intention of "shared risk" may now be tipped towards the publisher, it is an

97 Lam, interview by Jerome Gold, *Publishing Lives*, 483.
98 Woodham, *Book Distribution*, 124.
99 Ibid.

accepted reality that booksellers will not return to a final sale model. So accepted is this reality that returns are factored into the cost of production from the very outset of a book's life.[100] If things are not to change as Maher suggested, perhaps a more fundamental shift is necessary before the books arrive on the shelves, before they even leave the warehouse floor.

Returning to a vendor-managed inventory agreement, rather than the current distribution-by-negotiation arrangement, may be the win–win that combines the benefits of publisher-informed stocking decisions with the economic advantages of traditional warehouse distribution. New Star has indeed already employed this method with promising results.

To summarise this method as outlined by Shatzkin, a vendor-managed inventory system sees the buying and stocking decisions shift from the bookseller (and, by extension, the external sales representative) to the publisher. Under this agreement the publisher is afforded a certain amount of inventory or budget for a certain period, based on the previous sales performance or turnover rate of a publishers' titles (allowing for adjustment should sales either improve or decline), and within these parameters the publisher decides which books to stock in what quantity and at what frequency stock should be replenished. The most effective approach, as explained by Shatzkin and confirmed by Maurer's previous experience implementing such a model, is to restock in smaller, more frequent shipments, allowing for more adaptability to changing sales trends and a much more productive inventory investment with fewer returns for seemingly slow-moving stock.[101]

It also incentivises the publisher to make rational and informed inventory decisions rather than "loading" the store with as many copies of as many titles as possible and hoping for a modicum of success. High returns as a result of poor in-store inventory management would ultimately put the publisher in poor standing with the bookseller, reducing the amount of stocking power that they have in future periods. The relationship remains one of trust and shared risk, even still favouring the bookseller in many ways. Further, the reliance on securing large advance orders would become a non-issue, as

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100 Williams, "Canada's Publishers Face Deluge of Returns as Bookstores Re-Open after Eight Weeks Lockdown and a 63% Drop in Sales."

101 Maurer, Personal conversation with Melissa Swann; Shatzkin, *In Cold Type*, 62.

the publisher would instead benefit most from as much coverage as possible in smaller quantities across a larger number of storefronts[102]—and would be able to make these decisions autonomously, eliminating a monumental stress factor from the pre-publication timeline.

Shatzkin also notes that this approach, if taken on widely, would drastically alter other aspects of the publishing process. Early in the timeline, a publisher must determine how many copies to print. This number emerges from a combination of factors, including market evaluation or economies of scale, and others that boil down to sheer intuition. But with the publisher able to remove the "guesswork" of where the book will be stocked and in what quantity, they can more effectively calculate a suitable print run, instead only needing to consider what level of "tactical reserve stock" would be necessary as a buffer.[103] This has the knock-on effect of substantially reducing overstock inventory sitting on the warehouse floor.

Later on in the book's life this closer control of a book's availability also allows advertising strategies to be more effective, as the publisher is able to confidently direct potential readers to bookstores where the title will most definitely be in stock.[104] New Star has also used this approach in the past, making the most of their previous vendor-managed inventory arrangements—though they have also continued to name a number independent bookstores in some print advertisements, particularly throughout the pandemic, when local support of the book industry was more crucial than ever.

Lastly, by handing over these ordering decisions to the publisher, both the bookseller and the sales representative are free to focus on *selling* books, rather than stocking them. This model would see the role of the sales representative changing quite substantially from its current form. Rather than representing books to booksellers they would instead be supplying the bookseller with selling points framed for the purpose of marketing the book to customers in store, and bargaining for better positioning and display opportunities on the floor.[105] Perhaps this is a little further out of reach on a small

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102 Shatzkin, *In Cold Type*, 170.

103 Ibid., 171.

104 Ibid., 178.

105 Shatzkin, *In Cold Type*, 178.

scale, requiring more of an overhaul of the industry to take effect, and so it is likely that in such an arrangement the publisher would also handle these matters.

Perhaps the most beneficial aspect of this alternative is its ability to reduce the rate of returns. Returns—according to the review of the Canadian book industry commissioned by the Association of Canadian Publishers in 2001—had already been on the rise since the mid ’90s. Having already risen from 20% to 30% from before 1994 to 1997, return rates were averaging 38% to 42% by 2001.[106] The 2007 Turner–Riggs report found that returns with chains such as Indigo were at times as high as 50%–70%,[107] echoing the sentiment of publishers interviewed for the ACP report who, as early as 2000, had come to realise that the attitude of large chains like Chapters Indigo was that returns had become “a right rather than a privilege.”[108]

Chapters Indigo has indeed been the largest source of New Star’s returns in Canada in the last year. Of course, large returns across the book retail sector came as a result of the Covid-19 pandemic as many stores needed to reduce accounts payable amidst huge declines in sales.[109] Nonetheless, more selective selling into these chains would be beneficial under any circumstances, and would greatly reduce the costs of returns; by Shatzkin’s estimates, a vendor-managed inventory agreement could comfortably operate at a returns rate of only 5%.[110] If the industry is adamant that it will not function without the security of consignment terms, then any alternative model that seeks to reduce this significant cost of business is surely an attractive one.

5.5. Online focus

Before concluding this report, it is worth making a more considered mention of the substantial digital shift, not just in the production of e-books but also in the sale of print books online.

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106 Evans & Co, A Review of the Canadian Book Industry, 63.

107 Turner–Riggs, “The Book Retail Sector in Canada,” 40.

108 Evans & Co, A Review of the Canadian Book Industry, 65.

109 Williams, “Canada’s Publishers Face Deluge of Returns as Bookstores Re-Open after Eight Weeks Lockdown and a 63% Drop in Sales.”

110 Shatzkin, *In Cold Type*, 173.

Statistics Canada reported a decline in print book sales in physical storefronts from 2016 to 2018 (with the exception of general retail stores and libraries). Major chains declined by 44%, independents by a less severe 12%, but online sales of books almost doubled with a 96% increase in this same reporting period.[111]

In 2016, 71.3% of all surveyed publishers reported ecommerce sales; in 2018 this number increased to 82.9%.[112] Company websites and third-party websites were reported as the most common methods for these sales, though it is interesting to note that the use of third-party websites has declined somewhat significantly while company websites have held steady. New Star laboured through much of 2019 to bring their website forward into the current age of Web 3.0, but it is still in need of an ecommerce update to offer visitors a more coherent storefront and checkout experience. Though they are not currently tracking these metrics, and so their current exit rates are unknown, making this change will most certainly improve traffic and sales through their own website.

E-books also continue to take a larger hold on book sales, increasing by 69% from 2016-2018.[113] Data from BookNet Canada shows this growth continuing through 2019, reporting a 6% increase in e-book sales and an 11% increase in consumers who had bought at least one e-book in the previous year.[114] While print books sold in-store still account for the majority of book sales,[115] these shifts will certainly call for publishers to reconsider how they approach the sale of their books.

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111 Statistics Canada, "Table 21-10-0042-01 Book Publishers, Net Value of Book Sales by Customer Category (x 1,000,000)."

112 Statistics Canada, "Table 21-10-0248-01 Book Publishers, Methods Used by Businesses Locations That Reported e-Commerce Sales."

113 Statistics Canada, "Table 21-10-0042-01 Book Publishers, Net Value of Book Sales by Customer Category (x 1,000,000)."

114 BookNet Canada, "State of Publishing in Canada 2019," 6.

115 Statistics Canada, "Book Publishing Industry, 2018."

Chapter 6.

Conclusion

The Canadian publishing industry has seen a number of challenges throughout its history, some of which have directly impacted its ability to circulate books to readers. When compared to the much larger, much more robust US market to the south, the whims of circumstance and, at times, disaster, do knock the Canadian market into more precarious positions. However, support from the Canadian government (both federal and provincial) is not lacking. Dedicated to developing a strong Canadian publishing identity, literary and otherwise, government bodies such the BC Arts Council and the Department of Canadian Heritage allow publishers to continue operating without quite as much financial uncertainty.

Nevertheless, the business of book publishing remains a very marginally profitable one, with distribution in particular constituting a large percentage of operating expenses. Given Canada's large size and low population density, concentrated in a handful of urban areas geographically distant from one another, moving anything around the country is an expensive endeavor. Books are heavy, bulky, and sold at a considerable discount to booksellers, meaning distribution eats up a considerable amount of publishers' bottom line. Couple these factors with the standard practice of returns, and these costs are always at risk of increasing, even if sales do not. Similarly, Canadian publishers are simply not able to make use of the same economies of scale as publishers in the United States, meaning books are always more expensive to make, ship, and sell above the 49th parallel.

Many aspects of publishing and distribution are seemingly set in stone, remaining unchanged simply because this is how business has been done for so long. As Shatzkin says, we tend, "as all human beings do, to pretend there is logic in what exists, to find reasons that make it right because it's there."[116] However, Canadian publishers are a varied bunch, with a wide range of needs and available resources, and it is becoming

116 Shatzkin, *In Cold Type*, 57.

increasingly obvious that there is no one-size-fits-all solution to distribution despite the pressure for publishers to conform to centralised and standardised practices.

Further, the online sale of books, both print and digital, continues to take a stronger hold on the market for books in Canada, and publishers are already finding it necessary to seriously rethink their approach to reaching readers. Traditional brick-and-mortar bookstores are not going anywhere—even independent bookstores are finding ways to hold their own against the ever-encroaching dominance of Chapters Indigo and Amazon—but ecommerce is a force that will continue to affect the way print books are distributed.

New Star Books has an interesting and tumultuous distribution history. Changing distributors is not an easy task and such a decision is not made lightly. Yet, out of necessity and dissatisfaction, they have made four distribution moves in the last two decades—having spent the longest period of that time actually self-distributing their books, despite the general belief that this is at best unnecessarily difficult and at worst simply impossible.

As it currently stands, there is no indication that the current distribution relationship New Star Books is pursuing with UTP Distribution will result in similar disappointment. In fact, the outlook seems quite promising even against the backdrop of one of the most challenging years in the history of book publishing. Well established as it is, UTP Distribution was positioned to weather the Covid-19 pandemic as well as could be expected. While the timing of New Star's distribution change has made it somewhat difficult to establish how this new relationship will perform when unimpeded by a global crisis, it came at a crucial moment for the survival of New Star. Had the press remained in a less-than-ideal distribution agreement with Brunswick Books, or had they been distributing their own titles when the pandemic struck, there is no way of knowing how they would have fared.

While New Star Books may have found themselves some respite from previous distribution woes, should they, or any other similarly situated press, again grow discontent with the state of distribution, there may be enough movement in the landscape to carve out a slightly alternative approach—whether by means of in-house distribution, collective agreements, or an altogether different approach to how we conceptualise the task of getting books onto the shelves. These approaches will all certainly require a lot of work, to both implement and maintain—something New Star has proved is possible in the past. But if they can strike the delicate balance between time/money/effort and the resulting sales—while not jeopardizing the all-important goal of publishing books that contribute to the cultural and literary fabric of Canada—presses of this size may very well find it worth the effort.

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