

**“FIRST, DO NO HARM”:
FIVE YEARS OF BOOK-INDUSTRY DATA SHARING
WITH BOOKNET CANADA *SALES*DATA**

by

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ABSTRACT

This report will discuss the genesis of *BNC SalesData* and the role of BookNet Canada in bringing about data sharing within the Canadian book publishing industry. Although there are clear benefits to an aggregated sales database, a neutral third party like BNC with a policy to “do no harm” is needed to facilitate collaborative commerce for the greater good of the industry as a whole. To assess the impact of data sharing through *BNC SalesData*, this report will outline the history of the service, describe how it currently functions, show BNC’s process and tactics in transforming data from private to shared, and discuss the limits of this system in an increasingly digital supply chain.

Keywords: Department of Canadian Heritage; Standing Committee on Canadian Heritage; Canadian Book Industry Supply Chain Initiative; Electronic Data Interchange; Point-of-Sale data; BookNet Canada; *BNC SalesData*; collaborative commerce; data sharing; e-book

Subject terms: Publishers and publishing – Canada; Book industries and trade – Canada; Book supply chain – Canada; Government of Canada support for the book publishing industry – Canada; Information sharing; Electronic publishing – Canada; Electronic books – Canada

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ABBREVIATIONS

AASP	Average actual selling price
ACP	Association of Canadian Publishers
BISG	Book Industry Study Group
BNC	BookNet Canada
CBA	Canadian Booksellers Association
CBM	<i>The Canadian Book Market</i>
CPC	Canadian Publishers Council
CTA	Canadian Telebook Agency
DCH	Department of Canadian Heritage
EDI	Electronic Data Interchange
FIRA	Foreign Investment Review Agency
GDS	General Distribution Services
ISBN	International Standard Book Number
ONIX	Online Information eXchange
SCI	Supply Chain Initiative
SDA	<i>BNC SalesData</i>

INTRODUCTION

To some, it may come as a surprise that BookNet Canada (BNC) is comprised of less than twelve people. This is because the not-for-profit supply chain agency is responsible for so much in the Canadian publishing infrastructure: an extremely robust electronic data interchange (EDI) system, bibliographic data certification and aggregation, an upcoming e-catalogue system, and *SalesData* (SDA), the national point-of-sale data tracking service. BNC and its host of projects were born out of a combined industry and government initiative in 2001 that realized the Canadian book industry supply chain needed a neutral, dedicated third-party to seek and implement technological solutions for industry issues. Led by a board of directors representing a variety of industry stakeholders, from “independent, educational and chain retailers, [to] industry associations, wholesalers and distributors,”¹ BNC has a unique position in the publishing industry as a government funded, industry led non-profit whose projects aim to foster the efficiency and health of the book trade as a whole.

In the seven years since BNC was formed, the organization’s signature achievement has been *SalesData*. Upon SDA’s launch in December 2005, the Canadian publishing industry was the last in the Western, English-language world to implement a national sales and inventory tracking system. This meant that decades after the US and UK markets were able to see where, when, and how many of their books sold, Canadian publishers were still taking chances on print runs and reprint schedules, leaving booksellers to deal with the “feast or famine” of over-buying (only to return the books en masse) and stockouts (when publisher inventory does not match market demand, resulting in few stores receiving their orders when they needed them). The time spent without accurate sales data may have exacerbated these and other supply chain issues that plagued what already is a tough industry to make profits in. While practices such as mass returns still occur and cause disruption today, the data landscape SDA provides makes it much easier to identify, track, and avoid supply chain issues. SDA is a wealth of information; its database builds bestseller lists for the country’s top publications, provides a foundation for research studies on various sales trends, and allows subscribers to follow their market position week-over-week.

¹ BookNet Canada, “About BookNet Canada,” BookNet Canada, http://www.booknetcanada.ca/index.php?option=com_content&view=article&id=426&Itemid=137.

Despite the clear benefits of this aggregated data pool, which allows the Canadian book industry to conveniently access comprehensive and reliable data about its own size and market position, Canadian publishers and retailers are still wary about sharing their sales data in such a small and competitive business environment, and of having one government-funded entity in control of such a significant data set. BNC acknowledges and addresses such trepidation by keeping neutrality at the forefront of all of its decisions and actions. The SDA Media Policy on the BNC website highlights this by stating that the priority for the data is to “do no harm,”² a necessary standpoint for encouraging potential data contributors to share their data for the greater good of the industry as a whole. Data—and what it can reveal—is sensitive and BNC has faced a long and hard road in the process of creating a more open data system for the book publishing industry; today, SDA does not track about twenty-five percent of Canadian trade book sales³ because many retailers have held back from contributing data. For these retailers, the question of whether to share data or not is decided by balancing the perceived value of what they expect to get out of the system (such as market research) with the perceived risk associated with giving away their proprietary sales information.

This report will discuss the role of BNC and SDA in enabling data sharing within the Canadian book publishing industry by consulting industry stakeholders and the professionals involved in the system’s creation. My interest in this topic began during the four months I interned at BNC, where I gained an intimate knowledge of SDA through sales analysis projects (such as compiling research studies⁴ and creating bestseller lists) and by user-testing the system. It became clear that SDA has had a significant impact in a short amount of time, but that the system is still growing. The three objectives of the report are to chronicle BNC’s past and present role in facilitating a platform for data sharing, to define how BNC and SDA “do no harm” and have led to a more efficient supply chain, and to outline the potential implications of a leveling or drop in data sharing as the industry increasingly digitizes. Overall, five years of *SalesData* have served both the greater good (through accurate understandings of the book market as a whole) and “bottom lines” of industry stakeholders, yet retailer reluctance towards sharing data is still common; BNC counteracts this stance with value-adds and a policy to “do no harm.”

² BookNet Canada, “Media Policy,”

http://booknetcanada.ca/index.php?option=com_content&view=article&id=89&Itemid=370.

³ BookNet Canada, “About.”

⁴ *BNC Research* reports by the author are “From Page to Screen” (June 2010) and “Perennial Bestsellers” (August 2010).

1. The Genesis of the Supply Chain Initiative and BookNet Canada

The supply chain agency BookNet Canada is a direct result of the Canadian government's support for the cultural industries that began in the second half of the twentieth century. As a colonial nation, Canada's domestic publishing industry started as an offshoot of the British industry, eventually competing for the Canadian market against much larger and more culturally established American firms. When the Royal Commission on National Development in the Arts, Letters and Sciences (also known as the Massey-Lévesque commission) was appointed in 1949 to assess the state of Canadian culture, its findings—released in 1951—revealed the book industry's meager state: an “almost universal dependence on the American product [...meant that] in 1948 English-language publishers had issued a mere fourteen books of fiction and thirty-five works of poetry or drama.”⁵

While the Massey-Lévesque report underscored the importance of Canadian literature and led to the creation of the Canada Council for the Arts, publishing operations would not have a comprehensive financial support system in place until after the Ontario Royal Commission on Book Publishing, established in 1970. Although the Commission was a provincial initiative only, it inspired the Secretary of State Gérard Pelletier to announce the first federal measures for book publishing in March 1972. The government “would substantially increase the Canada Council's modest support for publishing, making \$1.2 million available for block grants, translation grants, and book purchases. [...] Pelletier said his new measures were only the first steps to address ‘a situation the urgency and gravity of which are now apparent to the government’.”⁶ While these so-called “welfare grants”—a term that refers to the fact that many recipients would not be able to survive without them—gave publishers a level of financial security, real solutions to foster a healthy Canadian publishing industry came in 1974 from the major structural measures (defined by Roy MacSkimming as “purchasing policies and regulations that would create a bigger presence for Canadian books in the distribution system”⁷) of foreign importation and ownership restrictions. New policies tasked the Federal Investment and Review Agency (FIRA) with

⁵ Roy MacSkimming, *The Perilous Trade* (Toronto: McClelland and Stewart, 2007), 24.

⁶ MacSkimming, *Perilous Trade*, 213.

⁷ *Ibid.*, 214.

regulating foreign investments in the book industry and restricting them unless they provided a “net benefit” to Canada. These measures succeeded in halting an encroaching Americanization (in content as well as ownership) of Canadian publishing, allowing domestic publishers to truly flourish. Finally, 1979 saw the creation of the Canadian Book Publishing Development Program (later known as the Book Publishing Industry Development Program [BPIDP], now called the Canada Book Fund [CBF]), which is the foundation for most of today’s federal industrial support and the wellspring from which the Supply Chain Initiative (SCI) and BookNet Canada came to be.

1.1.1 The pre-Initiative supply chain

BookNet Canada was formed as a response to two key issues: the need to implement technologically focused, universally adopted supply chain standards and solutions (including a centralized sales reporting database), and a home grown industry debacle in 2000 involving the near collapse of Chapters, Canada’s major book retailer. To begin with the first issue, at the turn of the twenty-first century Canada’s trade book industry tracked sales and measured its growth the same way it had for decades: by periodically combining information from disparate firms and stores, reading occasional government studies, and gathering educated guesses from industry professionals. The closest thing to a national database was the Canadian Telebook Agency’s (CTA) bibliographic data microfiche of titles in print and their sourcing information. The CTA’s data collection and distribution practices laid the foundation for BNC, but at the time aggregated sales data was still unavailable. As Peter Waldo, an industry leader in many capacities (from presiding over Penguin Books Canada to the Canadian Association of Book Wholesalers and the BNC Board of Directors), recalls:

It’s funny to think now how little info we had before BookNet. None of us really knew what was selling out there, except anecdotally. You had reps calling every week with a list of titles to ask how many we’d sold in the last week. That was the “market research,” so not very sophisticated or accurate. A lot of companies just used the “Oh, well it’s selling *well* out there!” model. Okay, but how do you define “well”? We had no idea what stock levels were, what returns levels were likely to be, or what reprints would be needed until it had reached a panicked state and reprints of books for Christmas were delivered in January, which was no use to anybody. It was very unprofessional, with a lot of “by guess and by golly.”⁸

⁸ Peter Waldo, telephone interview by author, Toronto, ON, August 13, 2010.

In the early 2000s, the only publishing industry in the Western, English-language world without a national sales data system was Canada's. While this may lead some to dismiss Canada as "late to the game," Doug Minett (the Supply Chain EDI Chair at BISG, original CTA and BNC board member, and owner of The Bookshelf in Guelph) stresses that since the CTA had been trying to implement technological standards in publishing since the early 1980s, this assumption is misguided. Still, the idea that BNC was revolutionizing the supply chain was useful for the SCI's purposes:

CTA became BookNet Canada. In order to sell it politically, that's what they had to do: give it a new name, wind the old one down, and wind up the new one. CTA was involved in all of the stuff that BNC got to be involved in, except there was no will to make it happen.⁹

The "will" harnessed by BookNet Canada in its effort to improve the Canadian book industry supply chain was apparent in the Standing Committee on Canadian Heritage's recommendations to the industry in 2000. The Committee met in December 1999 to "monitor the link between the Government of Canada's support to the book industry and the provision of increased choice of Canadian-authored materials to Canadian readers,"¹⁰ and to discuss other issues related to Canadian Heritage legislation. The Committee sought information from a variety of sources, including book industry representatives, in order to gather background knowledge and develop an understanding of the issues affecting Canadian publishing. The Committee's recommendations were presented in the report *The Challenge of Change: A Consideration of the Canadian Book Industry* in which it "identified a number of crucial areas for policy development and action for various actors across Canada's book publishing chain."¹¹ Many of the recommendations were based on a need for technological standards and reliable data. For example, Recommendation 6.1 states:

The Committee recommends that the Department of Canadian Heritage establish a five-year technological transition program to strengthen all segments of the Canadian book industry. This must include authors, publishers, distributors, wholesalers, marketers, retailers, and libraries. At least some of the elements of the program need to include the industry as a whole, regardless of ownership, size or language. For example, developing a workable system for the electronic exchange of information

⁹ Doug Minett, telephone interview by author, Vancouver, BC, August 29, 2010.

¹⁰ Canada, Parliament, Standing Committee on Canadian Heritage, *The Challenge of Change: A Consideration of the Canadian Book Industry*, 2d sess., 36th Parliament, 2000. Committee Report 2. <http://www2.parl.gc.ca/HousePublications/Publication.aspx?DocId=1031737&Language=E&Mode=1&Parl=36&Ses=2&File=6>.

¹¹ Canada, *Challenge of Change*, 6.

(EDI) will require agreement on a common standard that can be supported by publishers regardless of ownership and bookstores regardless of size.¹²

The importance of providing a unified sales reporting service is communicated in Recommendation 6.3:

The Committee recommends that the Department of Heritage offer to co-fund with the industry a study for the French and English language book markets that examines the mechanics of setting up an efficient, timely collection of sales information for the book selling industry, including sales through non-traditional book retailers (e.g., discount stores) and the Internet.¹³

1.1.2 The Chapters/Indigo merger and General Distribution collapse

In a manner that some would say is characteristic of government initiatives, the need for supply chain intervention and change was clearly identified, but action was not taken until the industry's shared risk became apparent enough that proactive steps were the only possible option left with which to avoid systemic breakdown. This realization occurred after increased consolidation in the retail sphere resulted in the formation of Chapters Inc., a chain that included both Coles and Smithbooks. Chapters became known for aggressive business practices that put its own interests first and last in its dealings with competitors and suppliers. For example, the chain sent publishers an abnormally high percentage of book returns, which threatened the cash flow of many firms. Yet due to its immense market share, Chapters had the power to dictate its own discount and return terms with publishers who worried that if they did not agree, their titles may be removed from all of Chapters' stores. Not content with being solely a bookseller, in 1999 Chapters opened a wholesaling division called Pegasus. Roy MacSkimming recalls, "With the advent of Pegasus, publishers' worst suspicions [about Chapters' business practices] were confirmed. Pegasus demanded from them a wholesaler discount of fifty-percent plus, in place of the forty-five to forty-eight percent they had been giving Chapters."¹⁴ Pegasus then continued to create a very high number of returns (fifty to sixty percent compared to the industry average of twenty to thirty percent¹⁵) to generate credit in lieu of paying its bills.

One company was particularly vulnerable to Chapters' financial practices: General Distribution Services (GDS), the distribution arm of General Publishing. GDS counted nearly 200

¹² Ibid., 71.

¹³ Ibid.

¹⁴ MacSkimming, *Perilous Trade*, 362.

¹⁵ Ibid., 363.

publishers among its clients, including many of Canada's English-language literary presses. As MacSkimming recalls, GDS “relied on the chain for 70 percent of its sales of new releases. When Chapters started playing dangerous games with credit notes and returns, GDS was directly in the line of fire.”¹⁶ Since GDS was already struggling financially after its American lender, the Finova Group, declared bankruptcy in the fall of 2001¹⁷, this was an extremely bad time for GDS’s largest client to interrupt its tenuous cash flow. Between delayed payments and extraordinary returns levels, GDS started running out of cash and was unable to pay its own publishers, eventually filing for bankruptcy in April, 2002.

To make matters worse, a huge amount of publisher inventory was left in limbo in the GDS warehouses and “an Ontario judge brought down a ruling that crushed the client publishers. They’d argued that their accounts receivable were their property [...] but the court’s interpretation of their distribution agreements was that GDS owned the receivables.”¹⁸ Not only did many small publishers lose substantial inventory assets, but they also lost the supply chain infrastructure that GDS had provided for them. While Chapters cannot be blamed for doing what was necessary to keep itself afloat, since its own closure would spell disaster for many others, its “growth at any cost” business strategy was certainly one of the causes for the events outlined above. It was an important turning point for the both the industry and government’s conception of the publishing supply chain as symbiotic in nature; as expressed by Doug Minett, “There was a strong realization that something had to give or the industry was in real trouble,”¹⁹ since the shared risk of retailers, distributors, and publishers meant that the troubles of one company could affect all points in the chain.

One final factor opened the door for BNC to enter and re-work the supply chain: the creation of a national chain that put technological standards as a priority. “Indigo appeared with just three or four stores, and Heather Reisman clearly wanted to be *the* player in Canada,” recalls Doug Minett, “which she did by purchasing Chapters. The big difference between the early days—where three chains [Coles, Classics, and Smithbooks] and Chapters were technologically incompetent—and the Reisman era was that she realized that she had to have a healthy supply

¹⁶ Ibid., 365.

¹⁷ Ibid., 378.

¹⁸ Ibid., 380.

¹⁹ Minett, interview by author, August 29, 2010.

chain or it wasn't going to work."²⁰ The positive, galvanizing effects of consolidation need to be acknowledged here, as expressed by BNC President and CEO Noah Genner:

Consolidation into one dominant player made people look a lot more at standards and technology development. Indigo is a fairly forward-thinking company, and when it merged with Chapters it started to look for cost savings by doing things in standard ways. The other side of that coin is that the independents had to standardize in order to keep up. So if changes were going to be pushed for Indigo, they would have to be viable for the whole market.²¹

1.1.3 The creation of the Supply Chain Initiative and BookNet Canada

Based on the recommendations of the Standing Committee, it was clear that there needed to be a BPIDP component dedicated to supply chain technology and efficiency. In the summer of 2001, a Steering Committee of industry representatives was formed to "act as the initiative's champion [...and] secure total industry participation in practices to improve the supply chain for books."²² In June 2002, the Steering Committee presented to the industry its plans for the Supply Chain Initiative with DCH funding.²³ The mandate of the SCI was "to identify inefficiencies in the Canadian book publishing supply chain (the movement of books from one point in the chain to another; from the author to the publisher to the warehouse to the library and bookseller and often times, back), to recommend strategies for improvement, and to implement change in the industry."²⁴ This would be no small feat, so the SCI would need dedicated representatives to work full-time to bring its mandate from conception to reality. Therefore, the Steering Committee recommended the creation of a not-for-profit agency:

[The agency] should not be an aggregator [of data], but a facilitator for the transmission of accurate and timely bibliographic data to a preferred aggregator. The new agency would also serve as the industry facilitator for the exchange of electronic documents between trading partners. And lastly, the agency would encourage sales tracking.²⁵

The first steps in the creation of BookNet Canada (a process documented extensively in Section 12 of Heather MacLean's project report) began as such: it was agreed that the CTA would

²⁰ Ibid.

²¹ Noah Genner, personal interview with author, Toronto, ON, August 10, 2010.

²² Heather MacLean, "The Canadian Book Industry Supply Chain Initiative: The Inception and Implementation of a New Funding Initiative for the Department of Canadian Heritage" (Master's project report, Simon Fraser University, 2009), 38.

²³ For a detailed chronology and breakdown of SCI funding structures, see MacLean pages 45-47.

²⁴ MacLean, "Supply Chain Initiative," 38.

²⁵ Ibid., 48.

be converted into—and its projects taken up by—the new agency, and a Board of Directors was formed with representatives from the Canadian Booksellers Association (CBA), Association of Canadian Publishers (ACP), Canadian Publishers Council (CPC), and the Association of Canadian Book Wholesalers. Peter Waldock was the Canadian Book Wholesalers representative. When asked how people responded to the new agency in those early days, he states:

The decision to build BookNet Canada and to run it like a business was unlike that of a lot of other initiatives in our industry, where we worked with dedicated amateurs and results were commensurate with the inability to spend money on professionals to work on the projects. I was previously involved with CTA, but we had very little money. With BNC we determined that we wanted to go full-bore and spend a lot of bucks of professionals like Michael Tamblyn, and the rest is history. We had a terrific team of people, and that's what drove it forward and got us widespread industry support because those kids knew what they were doing and did good work. Instead of some dumb committee from one of the associations that gathers once every three months, this was a full-time occupation for a whole bunch of people.²⁶

As mentioned by Waldock, Michael Tamblyn (a former bookseller and technological proponent involved in Canada's first forays in online bookselling at Bookshelf.ca and Indigo.ca) was hired as BNC's founding CEO. The agency launched in December 2002 and quickly got to work fulfilling its goals to ensure the industry had access to a cost effective and efficient electronic communications platform, improve the quality and accessibility of commercial databases, provide point-of-sale aggregation services, and explore a scheme for group buying of supply chain enhancing products and services.²⁷

1.1.4 Introducing BookNet Canada

BNC was the product of a rather unprecedented approach to industry solutions. The distinction of being “unique” would come characterize the agency, from its role in the industry to its business model and level of success in bringing about positive change. BNC is an industry-led, “not-for-profit agency dedicated to innovation in the Canadian book supply chain;”²⁸ it represents the industry as a whole, and is overseen by a Board of Directors who speak for the industry and bring its needs to the table. When asked about BNC's relationship to the publishing community, Noah Genner stresses the central role of the Board: “The Board is a cross section of the industry,

²⁶ Waldock, interview by author, August 13, 2010.

²⁷ MacLean, “Supply Chain Initiative,” 51.

²⁸ BookNet Canada, “Home.”

or at least of everyone in our constituency. We rarely do things without going to talk to them first; they are our bellwether.”²⁹

Government funding through DCH is essential for BNC’s operations and their mandate to “level the playing field and make sure everyone has access to the same knowledge base and tools.”³⁰ As Waldock states, “You wouldn’t have BookNet without the government [funding]; the market isn’t big enough. They could do it in the UK and US without government support, but here it was absolutely vital.”³¹ BNC charges publishers and distributors SDA subscription fees in order to maintain and upgrade the system; if BNC did not also receive financial support from the government, subscription prices would have to be much higher and SDA would be financially out of reach for many of the smaller firms. In essence, government support allows BNC to invest in the health of the market as a whole, rather than making it necessary to focus on the players who will lead to large billings. In Genner’s words:

That funding allows us to be the ‘Switzerland’; it levels the playing field for us. If it didn’t, it would be hard to devote the attention we do to the smaller people (in volume, not cultural importance) because we would have to be generating money from somewhere, as in from the big players. DCH funding offsets that potential imbalance and allows us to spread resources down the long tail. Other countries don’t have that.³²

In the US, for example, the for-profit organizations Bowker and Nielsen must actively focus their resources on those who have paying interests. In contrast, BNC operates as a non-profit on behalf of the entire industry, so any revenue beyond costs that BNC makes from subscriptions is funneled back into upgrading SDA and developing other projects. BNC also prices SDA subscriptions on a sliding scale relative to a client’s size in the industry, and provides free training and online tools so that small companies are able to bolster their technological skill-set without having to spend a lot of money.³³ “Ultimately,” Genner notes, echoing the philosophy beneath decades of federal support for publishing, “it’s about improving or maintaining cultural diversity in Canadian publishing. We’re trying to make sure that everyone can take advantage of

²⁹ Genner, interview by author, August 10, 2010.

³⁰ Ibid.

³¹ Waldock, interview by author, August 13, 2010.

³² Genner, interview by author, August 10, 2010.

³³ Ibid.

the same technology.”³⁴ The inter-connectedness of the Canadian book-industry supply chain means that solutions for improving it need to be viable, and affordable, for all stakeholders.

BNC’s first order of business as a fully-formed organization was to develop a vigorous electronic data interchange (EDI) network on Bowker’s PubNet. The support of the government, the major national retailer, and a dedicated and ambitious team were key factors that led to the EDI project’s rapid rate of success, making it the ideal opening act through which to introduce BNC as a driving force within the Canadian publishing industry. While EDI was previously promoted by CTA and was already part of Canada’s supply chain infrastructure, it had not yet been implemented as an industry standard. When asked about setting up EDI in the CTA era versus that of BNC, Doug Minett states:

CTA had never gone into the world of specifications and certifying that people would reliably do it. For instance, I could order electronically from twenty publishers, but they wouldn’t give me anything back. It was a one-way thing; publishers got something, but retailers got nothing. None of the publishers had bothered to do the implementation because no retailer had demanded it.³⁵

The major difference between the early days of EDI and the work begun by BNC in 2003 is that Indigo, the supply chain’s most influential technological proponent, wanted to trade reliable EDI documents with its business partners. An auction amongst EDI networks for the entire Canadian market was held, and Bowker’s PubNet won the bid. The quickest and most effective way to make EDI a viable standard across an industry not known for its willingness to embrace new technologies was through mandatory certification—to guarantee that the trade of documents would work—and a little strong-arming. Minett recalls, “A lot of big American publishers said, ‘Why do we have to use this?’ and I could say ‘I’m speaking for Indigo here.’ I used Indigo’s muscle, [and] BookNet’s organization and technological inclusiveness.”³⁶ Indigo’s involvement secured the large companies, and BNC’s “technological inclusiveness” targeted and secured the smaller players. The result is an EDI network that “is head and shoulders above the rest of the world”³⁷ as far as the number of reliable documents traded, even though it uses the exact same network (PubNet) as the US, which has not carried out the same sort of mandatory EDI testing that Canada has.

³⁴ Ibid.

³⁵ Minett, interview by author, August 29, 2010.

³⁶ Ibid.

³⁷ Ibid.

2. BNC SalesData: An Overview

After a successful debut with the EDI implementation project, BNC began to work toward what would be its signature contribution to the Canadian book publishing supply chain: *BNC SalesData*. Since Nielsen BookScan was already being used in the US and UK, many assumed that Canada would follow suit and use Nielsen, but BNC wanted to build its own application. This was a risky move since it was such a big project, but the payoff would be huge: Canada could own its own sales data. The BNC Board supported the plan, knowing that the BNC team was skilled enough for the undertaking. As Doug Minett stresses:

Michael and Noah had been involved with building the Bookshelf website, which was a big piece of technology in 1995. They were used to going through big technological projects and making them happen. Still, for the Board and DCH to support doing our own thing required a lot of courage on their part. It was inherently risky since most technological projects are unsuccessful, and we had to deliver quickly.³⁸

Deliver they did; by December 2005, *SalesData* was up and running. While the service would have been ready faster if BNC had signed on with Nielsen, the long-term benefit to building a system from scratch is that Canada, not Nielsen, owns the data. This gives BNC much more freedom to tailor the service for the needs of all members of the Canadian industry.

At its core, SDA enables data sharing within the Canadian book publishing community. A detailed overview of the SDA platform and its functions will be provided shortly, but for now a basic outline is as follows: paying subscribers (publishers and distributors) can see varying levels of book data updated once a week from point-of-sale data provided by contributing retailers (who become automatic subscribers once they start sharing their data). Bibliographic data pulled from Bowker provides information about each title. There is an aggregated, market-wide view available to all users, and each user sees sale and inventory data specifically for the titles they publish or sell. This view can be further augmented by which groups a user belongs to, such as a “peer group” of independent retailers, or a group that stems from peer-to-peer business relationships. Therefore, data that at one time in fairly recent history were considered proprietary or a trade secret can be shared and opened up to the industry at large in an aggregated fashion.

It is important to distinguish *SalesData*, a data-sharing network, from open data systems in general. While SDA does enable data sharing within the publishing community, it is *not* open data. According to the Open Knowledge Foundation, “any kind of content or data [...] is open if

³⁸ Ibid.

you are free to use, reuse, and redistribute it—subject only, at most, to the requirement to attribute and share-alike.”³⁹ Open data is “open” in a philosophical sense, as well as a mechanical one. The data in SDA, although more open and shareable than they were five years ago, are still not “open data.” The public is not able to browse SDA and those who do have access to the data are not allowed to redistribute them (unless it is data is specifically related to their titles, as per the above explanation).

1.2.1 The early days of SDA, and industry feedback

Once SDA was built, the next step—prior to launching it—was to recruit retailers to contribute data and to sign up publishers as subscribers to generate revenue and test the system. Peter Waldock recalls the key steps necessary to move that process forward:

It wasn’t going to fly without Indigo, and it wasn’t going to fly without Random House, and a few others in between. It was a fairly tough slog and it took a while as we expected, but we could turn to the UK and say, “Look, it works.” I brought over David Young from Hachette UK to address all of the publishing heads. He sold them; if they needed that last shove he gave it to them. He was a very business-oriented and smart publisher, and he gave them the “A to Z” of why they should sign up.⁴⁰

Although there was a clear need for a national book sales tracking system (as identified by the Standing Committee on Canadian Heritage), BNC understandably encountered some reluctance on the part of those who would be releasing their data since there was no precedent in the book industry for sales data sharing (other than peer relationships where, for example, Indigo sent Random House sales data back to Random House). By leveling the playing field as BNC pledged to do, the agency in turn took away “some players’ competitive advantage.”⁴¹ Still, once publishers began testing the data the initial fears dropped away. Jackie Fry, Project Manager at BNC, recalls:

Publishers thought that [SDA] was going to expose something about them, a weakness or a strength, and that having competitors seeing each others’ sales numbers would breach some kind of secret. What became obvious as the beta testers (we had several large and small firms beta test the site for us) got in and looked at the data is that they loved seeing their own numbers—a huge win for them—and they couldn’t believe how much they loved seeing their competitors’ numbers.⁴²

³⁹ Open Knowledge Foundation, “Open Knowledge Definition,” Open Knowledge Foundation, <http://opendefinition.org>.

⁴⁰ Waldock, interview by author, August 13, 2010.

⁴¹ Genner, interview by author, August 10, 2010.

⁴² Jackie Fry, personal interview by author, Toronto, ON, August 16, 2010.

BNC now focuses on proving that the bottom-line improvements and overall industry benefits that result from sales data aggregation provide far greater business advantages than keeping sales information in a silo does. When asked how BNC approaches discussions with retailers who are reluctant about data sharing, Project Manager Tim Middleton states, “The main argument is the bottom line. For example, we [tell retailers that we] will take your grunt work of having to report your sales to each publisher.”⁴³ No matter what the reason for reluctance is, Noah Genner poses this question: “Isn’t there more value in being able to see what’s going on to help the industry remain healthy as a whole?”⁴⁴

While names of the original contributing retailers are confidential (except for Indigo, since it is common knowledge that the service would be useless without the national chain’s data), Jackie Fry states, “[BNC] had been recruiting for two years, basically since Michael [Tamblyn] was hired. When the [user] requirements were written and they got ready to launch, they had most of the major retailers that are in today.”⁴⁵ Ria Bleumer, former manager of Duthie Books in Vancouver, current owner of Sitka Books and Art, and contributor to SDA since 2008 remembers the independent bookselling community’s early reactions to the service:

We didn’t want publishers to be able to go into our systems and get sales data and know exactly what we were up to, and not up to, for the fear of losing some kind of control and power in the future. We were concerned that down the road distributors would develop programs to tell us what we need. That was one of the underlying fears, but it’s not happening.⁴⁶

Although a certain element of power is lost when suppliers can see the exact details of how their product is selling in your store without having to request the data from you first, Ria’s final point emphasizes that the fear of a loss of control over stock was unfounded. In response to any worries about a singular entity such as BNC amassing data which could be tapped into and misused, Noah Genner ensures, “That’s why we take anonymity and access very seriously, and we maintain a level of ‘third-party-ness’.”⁴⁷

Interestingly, all three of the booksellers interviewed for this report—Doug Minett, Ria Bleumer, and one manager of a specialty independent who asked to remain anonymous—answered the question “How can retailers use SDA?” the same way: that it is much more useful

⁴³ Tim Middleton, personal interview by author, Toronto, ON, August 12, 2010.

⁴⁴ Genner, interview by author, August 10, 2010.

⁴⁵ Fry, interview by author, August 16, 2010.

⁴⁶ Ria Bleumer, telephone interview by author, Vancouver, BC, September 6, 2010.

⁴⁷ Genner, interview by author, August 10, 2010.

for publishers. Bleumer elaborates, “But we are all part of one industry; it comes back at the bookseller,”⁴⁸ “it” being the benefits gained from having SDA in the market, a topic to be reviewed at length shortly.

1.2.2 *The basics of SDA*

Currently, the seventy-five percent of trade book sales tracked by *BNC SalesData* comes from data provided by about 1000 unique store locations. Within the system, these stores are organized into various groupings: about 100 aggregates of regional and store-level breakdowns (such as an “All Stores” aggregate for a chain retailer), and two Peer Groups made up of similar independent retailers who have requested to see each other’s sale and inventory data. Retailers do not see each other’s data, and are able to choose which publishers are able to see their company’s data as separate from the industry-wide “All Market” aggregate; currently, the largest number of retailers a publisher can see is twenty-two.⁴⁹ Data for the previous week (Monday to Sunday) are loaded on Wednesday nights, and are available to subscribers on Thursday mornings; to avoid confusion, please note that this data set is referred from here on out as the “current week” of data, as in the most recent data available. If a retailer’s data come in earlier than Wednesday, they are available to users as “early preview data” and can be built into reports, but are not folded in to the aggregated data summaries discussed below.

When a user signs in to SDA, they reach a homepage that showcases the most recent data in a few different tables: the Sales Summary, Bestseller Lists, and Industry Snapshot. These tables are updated on Thursday mornings, when the aggregated data is released. The Sales Summary compares the user’s sales data in value and volume for the Week Ending ____ (the current week), Previous Week, This Week Last Year, Year to Date, and Last 52 Weeks to that of the whole market and any peer views that the user is permitted to see (see Image 1.1). For publishers, “peers” are retailers who have approved peer-to-peer access (the ability to see one store’s numbers as separate from the All Market aggregate); very few retailers can see peer data, aside from those in the two designated Peer Groups.

⁴⁸ Bleumer, interview by author, September 6, 2010.

⁴⁹ Fry, interview by author, August 16, 2010.

Image 1.1: Sales Summary

BookNet Canada Sales Summary					
Market	Week Ending Dec 24,2006	Previous Week Dec 17,2006	This Week Last Year Dec 25,2005	Year to Date	Last 52 Weeks
All Markets	<u>2,636,272</u> <u>\$53,067,838.62</u>	<u>2,034,462</u> <u>\$39,923,315.12</u>	<u>2,323,610</u> <u>\$47,396,869.42</u>	<u>45,785,802</u> <u>\$843,583,547.89</u>	<u>45,819,785</u> <u>\$844,231,810.26</u>
BookNet Canada	<u>73,032</u> <u>\$1,655,855.49</u>	<u>55,650</u> <u>\$1,238,186.18</u>	<u>78,406</u> <u>\$2,044,917.62</u>	<u>1,072,915</u> <u>\$24,241,401.52</u>	<u>1,073,648</u> <u>\$24,257,871.66</u>
Ring Fence 1	<u>73,032</u> <u>\$1,655,855.49</u>	<u>55,650</u> <u>\$1,238,186.18</u>	<u>78,406</u> <u>\$2,044,917.62</u>	<u>1,072,915</u> <u>\$24,241,401.52</u>	<u>1,073,648</u> <u>\$24,257,871.66</u>

The three Bestseller tables (Fiction, Non-Fiction and Juvenile) provide a snapshot of the top five bestselling titles from the most recent week in each category by binding (hardcover, paperback, mass market, trade paper, other); alternatively, the user can click to see the top 100 titles. These tables are populated by both bibliographic (title, author, binding, subject) and sales data (volume sold, value sold by average actual selling price [AASP], value sold by list price); retailers only see the All Market view, while publishers can choose to see bestsellers from their titles only and/or the All Market. Finally, the Industry Snapshot shows the sales and inventory data of the All Market in the current week and prior periods (see Image 1.2).

Image 1.2: Industry Snapshot

Industry Snapshot					
	Week Ending Mar 15,2009	Previous Week Mar 8,2009	This Week Last Year Mar 16,2008	Year to Date	Last 52 Weeks
Total Volume Sold	1,013,171	990,621	1,010,694	9,614,663	54,933,805
Total Value List	\$17,258,747.40	\$16,842,708.29	\$16,393,055.39	\$166,929,069.70	\$948,607,977.17
Total Value AASP	\$14,635,892.05	\$14,623,677.94	\$13,860,595.07	\$143,290,567.32	\$807,701,490.62
Total OH	18,990,268	18,932,657	18,274,027	180,701,493	953,336,263
Total OO	1,588,865	2,015,648	1,609,306	17,853,629	92,496,720

The Snapshot shows Total Volume Sold, Total Value List, Total Value AASP, Total OH (units on-hand) and Total OO (units on-order); publishers have the option to view data from their firm only, while retailers do not see OH or OO in the Industry Snapshot and only have the All Market view.

SDA enables users to create a variety of reports from the data. First is the Title/ISBN Report, which opens whenever a linked title or ISBN is clicked. This report provides all of the

bibliographic information associated with that title (including bestseller lists and media mentions), a Sales Summary of year-to-date or lifetime sales, and a table that lists the title’s weekly sales in the All Market, starting with the current week (see Image 1.3). Those with peer-to-peer access can also see how a title has performed in a specific location.

Image 1.3: Title-ISBN Report Table

Week of	Rank	List Price	AASP	Units Sold ▼	% Change	Value Sold AASP	Value Sold List
2008/12/21	18	\$15.99	\$14.97	10,912	19.56 ▲	\$76,578.36	\$174,482.88
2008/12/14	14	\$15.99	\$14.11	9,127	27.21 ▲	\$49,295.96	\$145,940.73
2008/12/07	16	\$15.99	\$15.10	7,175	18.20 ▲	\$39,915.46	\$114,728.25
2008/12/28	24	\$15.99	\$15.26	6,762	-38.03 ▼	\$67,156.38	\$108,124.38
2009/01/18	6	\$15.99	\$15.12	6,201	9.40 ▲	\$41,415.50	\$99,153.99

Next, the Bestseller Report shows up to 30,000 top-selling titles based on criteria selected by the user, such as subject, date range, publisher, and/or author. Aside from basic bibliographic data, the report gives each title’s Rank (the default sorting mechanism of the report), Previous Rank, Units Sold, Units Sold Previous, Percent Change (from time period being reported on compared to most recent time period of same length), Value Sold (List and AASP), OH, OH Last Week, OO, Weeks on List, Number of Stores, and Lifetime Units and Sales; retailers do not see inventory columns or Number of Stores. In addition, the Market Share Report shows publishers and retailers the actual number in units and the percent of the total market represented by certain publishers across subjects, binding, or time (see Image 1.4).

Image 1.4: Market Share Report Options

Publisher	All Subjects	Fiction		Non-Fiction		Juvenile		Other	
		Units	%	Units	%	Units	%	Units	%
All Publishers	952,953	339,014	100.00%	310,135	100.00%	289,570	100.00%	14,234	100.00%
Publisher 1	72,933	41,728	12.31%	17,413	5.61%	13,791	4.76%	1	0.01%
Publisher 2	45,851	27,450	8.10%	18,126	5.84%	140	0.05%	135	0.95%

1. Rows:
- Publisher
 - Distributor
 - Format
 - Subject
 - Market
2. Columns:
- Subject
 - Format
 - Time (Weeks, Quarters, Years)
 - Market
3. Units:
- Units
 - Value (List Price)
 - Value (AASP)
4. Data:
- Sales
 - Stock On Hand
 - Stock On Order

The last two SDA reports combine data from the other reports in illuminating ways. The Title Trend Report displays the performance of multiple titles across thirteen weeks, quarters or years in value and units sold for any market that the user has peer access to. The Title by Market Report, on the other hand, compares the value and units sold of multiple titles in a single time frame, but across multiple markets.

1.2.3 Practical uses of SDA in the book trade

As the booksellers pointed out, most of the practical uses for SDA benefit publishers and distributors rather than retailers. Referring to her time spent at H.B Fenn, Carol Gordon (Publisher Liaison at BNC) notes, “I was using it in all kinds of ways, for co-op, tracking promotions, looking for the sales performance of the product line that I managed.”⁵⁰ These sales and marketing benefits are accompanied by the ability to perform more accurate category development, as discussed by Jackie Fry:

I’ve found out anecdotally that publishers have changed the way they develop a category; if they’re interested in publishing in an area that maybe they’re not so experienced in, they’ll definitely use SDA to see what kind of sales they can expect from that type of category, and whether its worth investing time and money and staff in developing an area.⁵¹

Another practical effect of SDA on sales and marketing is accurate bestseller lists. “Instead of educated guesses by booksellers or wishful thinking by journalists—a fair description of newspaper and magazine bestseller lists in the past—it was finally possible to know accurately which books were selling the most copies each month,”⁵² notes Roy MacSkimming. A spot on a national bestseller list will increase a book’s sales even more, so accurate lists are essential in order to truly level the playing field.

On the inventory management side, publishers can reap many practical benefits from SDA. First, they can improve print run estimation based on the sales data for comparable titles or an author’s previous work. Educated guesses about the demand for a title in the marketplace may help to reduce returns. While no concrete data have been released about how SDA has affected return rates, many of the BNC staff interviewed mentioned that they have heard about reduced returns anecdotally from clients. In any event, there has been a reduction in stockouts (as Peter

⁵⁰ Carol Gordon, personal interview by author, Toronto, ON, August 16, 2010.

⁵¹ Fry, interview by author, August 16, 2010.

⁵² MacSkimming, *Perilous Trade*, 397.

Waldock noted); since publishers can actually see how much and how fast a title is selling, they can plan for reprints accordingly.

While it may be easier for publishers to find practical uses for *BNC SalesData*, there are of course ways for retailers to use the data as well. Ria Bleumer notes:

Having access to BNC data means I can go on the site and see how a title is doing “on the grass,” across the country. It could be a top-seller that does equally well across the country versus a regional book that spikes in Toronto or Ontario, where the sales are very low here. It gives you a really good indication, if you don’t already know, about what you potentially need to beef up on.⁵³

Additionally, retailers can use the data to source books by seeing who distributes a book in Canada. If they are part of a Peer Group (a value-adding option for retailers to be discussed further in Part 2), booksellers will be able to see what their peers are selling, and how many they have on hand and on order. Tom Woll endorses this concept in his advice to the retail sector in *Publishing for Profit*: “By knowing what’s selling, when it’s selling, and where it’s selling, accounts can control their buying better.”⁵⁴ Yet many retailers are not as optimistic as Woll about data sharing; the next section of this report will review the sensitivities surrounding sales data, and the mediative role BookNet Canada plays in these data politics.

⁵³ Bleumer, interview by author, September 6, 2010.

⁵⁴ Tom Woll, *Publishing for Profit* (Chicago: Chicago Review Press, 2006), 329.

1. BookNet's Pledge to "Do No Harm"

While an outside observer may assume that book industry sales data are fairly benign, one of BookNet Canada's main priorities is to keep this information confidential. Essentially, data are granular information from which conclusions are drawn. As the cliché, "Information is power," reminds us, numbers command a significant amount of power and respect in our society; producing data is often the definitive method to win an argument or prove a theory. This is why sales data are traditionally kept in-house except for when they have positive connotations (for example, a publisher's year-end press release may state how they sold fifty percent more units than the previous year). Sales information can reveal a lot about the trade secrets of a business, such as where certain books sell better than others. As a conduit for the sharing of the majority of the Canadian book trade's sales data, BNC prioritizes keeping this information safely within the controlled network. They do not tolerate misuse of *SalesData* numbers since that may lead to the contributors losing confidence in data sharing. The BNC Media Policy, housed on the BNC website, makes clear that this protective stance is not only central to the agency's own operations, but encouraged in anyone using BNC products:

BookNet Canada is happy to provide percent changes, relative rankings and commentary on industry trends, but cannot provide unit sales or comment on the performance of individual titles - and we ask our subscribers to follow the same guidelines. Our first responsibility is to protect the data that the retailers have entrusted us with. We don't want to make retailers uncomfortable. Their data makes the system go, so if this data is used to embarrass a retailer or make them look bad, they could decide to stop sharing data with us. [...] *BNC SalesData* is about helping book industry professionals make more informed decisions. It isn't about using data to criticize other publishers, retailers or authors.⁵⁵

To this end, BNC aims to embody neutrality in all of its actions and public representations, even those that are out of the agency's control. Elaborating on this policy, Noah Genner says,

We don't speak about individual retailers or books, to the media or just generally, because we don't want to a) embarrass anyone or b) threaten anyone's competitive advantage. That goes for independents, Indigo, Costco, everyone. We really do have

⁵⁵ BookNet Canada, "Media Policy," BookNet Canada, http://booknetcanada.ca/index.php?option=com_content&view=article&id=89&Itemid=370.

to maintain this third-party view, this Switzerland view. That's why I get really worked up when someone speaks as they did with the Penguin/Stieg Larsson thing, [see below] since one of our primary tenets as a business is to maintain anonymity and “do no evil.”⁵⁶

The “anonymity” Genner speaks of is that of the *SalesData* contributors. There are only a few sanctioned instances of a retailer’s store-specific data being viewed by a third party: through SDA maintenance by BookNet employees, and approved peer views. BNC takes unsanctioned views of retailer-specific data—whether accidental or pre-meditated—very seriously. This includes exposure to the media and the public, which was the case in the Stieg Larsson incident mentioned by Genner. On May 20th, 2010, the publishing trade magazine *Quill and Quire* released an article about how Indigo, which usually receives stock earlier than the independent stores, had started selling Larsson’s highly anticipated *The Girl Who Kicked the Hornet’s Nest* eleven days in advance of its official on-sale date of May 25. Not content with mere eyewitness accounts of the books on sale in Indigo, *Quill* printed the following:

One bookseller, who asked not to be named, confirmed that, according to BookNet Canada sales data, *The Girl Who Kicked the Hornet’s Nest* sold 1,238 copies on the weekend, a period during which Indigo was presumably the book’s de facto exclusive vendor. The title ranked #41 on BookNet’s overall bestsellers list for the week ending May 16.⁵⁷

Here, BNC’s neutrality was undermined by a third-party who released confidential data to use as damaging evidence of the actions of a specific organization (Indigo). Interestingly, Indigo had done nothing legally wrong (Penguin did not have an embargo on the title, so the on-sale date attached to the book was not legally binding), yet the unnamed bookseller who released the information did. All SDA subscribers are required to sign a contract that prohibits the sharing of any SDA data that are not proprietary to one’s own company. Since there was no way to find out who had leaked the number, BNC responded by reminding all subscribers about the terms of the contract and the termination that would result from breaking them.

Aside from contracts, another way that BNC protects the industry’s sales data is through frequent testing of the SDA site and its functions. If a subscriber contacts BNC about an anomaly in the data, the issue is examined to see if it is a one-off glitch or a wider problem affecting other

⁵⁶ Genner, interview by author, August 10, 2010.

⁵⁷ Chelsea Murray, “Independent booksellers still stinging over hornet’s nest fiasco,” *Quill and Quire Omni*, May 20, 2010, http://www.quillandquire.com/google/article.cfm?article_id=11297.

subscribers. This is done by signing in to test accounts or to those that have agreed to be used for testing, and then running reports and checking access limitations to make sure that everything is working as it is supposed to. Once every quarter or so, a BNC intern or team member will carry out more thorough testing according to a test-case workbook for all of SDA's functions and accessibility options by both publisher and retailer account types. The workbook lists the expected result for each possible action in SDA, and after testing the tester marks down whether it was a "Pass" or "Fail". This way, no corner of the system escapes routine testing. Yet, as Jackie Fry explains, even though BNC has proactive measures to protect its clients' data, there is only so much the agency can do:

Usually most people are very good about knowing what they do and don't have access to, but there are always going to be people with intent who want to get access, and people who are willing to share their password. For that kind of access, there's not a lot we can do. We do allow the free flowing of data; it can be emailed out of the service, [... but] we do monitor where data is accessed from, and as soon as we hear about any kind of breach we take steps toward legal action with cease-and-desist letters. Fortunately it hasn't come to that too often; most of the time it's a misunderstanding.⁵⁸

2.1.1 Tools for collaborative commerce

While the above strategies allow BNC to "do no harm" by preventing unauthorized data sharing within SDA, the agency also "does good" by enabling the opposite: industry collaboration through BNC services, specifically with the tools that fall under the category of "collaborative commerce." Collaborative commerce is defined as "Online collaboration and interactions among the employees, business partners, and customers of diverse firms belonging to a trading community or business segment."⁵⁹ BNC's tools for collaborative commerce in the book publishing industry are SDA, *BiblioShare*, *CataList*, and *Prospector*

BiblioShare is a bibliographic metadata service that collects, quality-tests, and distributes a publisher's ONIX files to multiple trading partners. Participation is free, but the rewards are significant: "*BiblioShare* helps publishers and wholesalers have a more informed and collaborative relationship, making it easier to stock, supply and promote Canadian titles"⁶⁰ by providing clean

⁵⁸ Fry, interview by author, August 16, 2010.

⁵⁹ Business Dictionary, "Collaborative commerce," WebFinance, Inc, <http://businessdictionary.com/definition/collaborative-commerce-C-Commerce.html>.

⁶⁰ BookNet Canada, "BNC *Biblioshare* Benefits for Publishers," http://www.booknetcanada.ca/index.php?option=com_content&task=view&id=399&Itemid=355.

ONIX files to those who need title information. *BiblioShare* data will also feed into *CataList*, an upcoming e-catalogue project for Canadian publishers. Since e-catalogues are gaining popularity as a more efficient way for publishers to promote their latest titles and backlists, BNC has realized that the development costs involved will exclude many small presses, and it will be a nightmare for booksellers and sales reps to have to navigate a variety of e-catalogue programs. Therefore, *CataList* allows publishers to collaborate by all using the same standard catalogue system, which seems anathema to the isolated way paper catalogues worked, but can potentially make it easier for booksellers to research and buy books. Finally, *Prospector*—a spin-off of sorts from SDA—allows independent bookstores to see the inventory and sales data of a group of peers (to be discussed in more detail shortly).

SDA enables collaborative commerce since it allows diverse groups from the publishing industry to share their data online and create an accurate representation of the book trade's sales. A variety of different collaborations take place within SDA, starting with the "group buy" option, where publishers "can actually band together, form a group, and pay the quarterly subscription as a group."⁶¹ Next, the customizable peer-view option lets retailers define which publishers have access to their specific sales and inventory data. Finally there are the designated Peer Groups pulled from *Prospector*, a *SalesData* module developed specifically for independent booksellers who want the option to compare their stock to that of similar stores, rather than to the market as a whole. As stated on the BNC website,

Independents can help each other. Join an anonymous group and compare your stock against sales collected from similar stores. [...] At the same time, compare stock turn to see where you might be under-performing and why.⁶²

Prospector evolved in response to the experiences of retailers who found that the one million weekly ISBNs in SDA created an information overload. Noah Genner recalls:

What could we do to allow retailers easier and quicker access to the information they need from SDA, and what can we do to strengthen their sales? One option was to give them a different view of the data, which is the gap analysis or comparative reporting, and the other was the ability to share data amongst one another. If you were a general trade independent bookseller and wanted to get only that view of SDA, being able to see what the other twelve retailers like you are doing takes so much of the noise out, and makes it so much more helpful.⁶³

⁶¹ Fry, interview by author, August 16, 2010.

⁶² BookNet Canada, "BNC *Prospector* Benefits," BookNet Canada, http://www.booknetcanada.ca/index.php?option=com_content&task=view&id=112&Itemid=352.

⁶³ Genner, interview by author, August 10, 2010.

While *Prospector* has helped certain retailers improve their stock turns (the testimonial from Christopher Smith, Manager of Collected Works in Ottawa, reveals that “Sales went up 30% for the [graphica] category in 8 weeks”⁶⁴), others are still reluctant to embrace the lessened anonymity that comes with the peer group structure. Ria Bleumer explains, “We don’t want that; we can have conversations [with other retailers], but we don’t want another store to be able to go in and basically find out what we’re doing.”⁶⁵ It should be said that it is not BNC’s role or intention to define which business strategies are “right” or “wrong” for the industry. Collaboration through data sharing may not work for every company. Yet BNC does serve the industry as a whole, and there are proven benefits to increased collaboration and greater awareness about industry trends while the potential downsides have yet to materialize. For Noah Genner, increased collaboration within the industry is a clear goal:

A lot of retailers are surprisingly altruistic about sharing their data; they think that a healthy industry is better and that if a publisher knows what’s going on in the industry then they can make better decisions. The retailers we have sharing data collaboratively with one another love the ability to do that. That’s the kind of stuff that I personally love; I love that we do this kind of collaboration, and are wrapping context around the numbers.

Prospector is a way for independent booksellers to personalize the SDA data and to put the numbers in a more useful context, such as seeing if stores like one’s own have similar sales trends, successes, and failures. In the words of media theorist Douglas Rushkoff, “Our digital abstractions work best when they are used to give us insight into something quite real and particular;”⁶⁶ an independent bookseller may find that the All Market data is too abstract, so *Prospector* makes business-relevant insight from SDA much more attainable.

2. Adding Value by Putting the Data to Work

As the case of *BNC Prospector* shows, BookNet Canada is not just content to create and administer tools for the supply chain; instead, the agency prioritizes adding value and helping clients to get the most out of the services they use. In the words of Noah Genner, “We want to

⁶⁴ Christopher Smith, “What people are saying about BNC *Prospector*,” BookNet Canada, http://www.booknetcanada.ca/index.php?option=com_content&view=article&id=239&Itemid=351.

⁶⁵ Bleumer, interview by author, September 6, 2010.

⁶⁶ Douglas Rushkoff, *Program or be Programmed: Ten Commands for a Digital Age* (USA: OR Books, 2010), PDF edition, 76.

give them more value for taking part.”⁶⁷ The data may be available, but industry stakeholders do not always have the time to take proper advantage of them. That is why BNC produces a suite of “value-adds” based on the data it collects, from the annual publication *The Canadian Book Market* to bestseller lists, *BNC Research Studies*, and quarterly press releases on the state of the industry.

Once a year, BNC produces a comprehensive volume about the previous year’s book sales called *The Canadian Book Market (CBM)*. This practice began in 2007 with *CBM 2006*, and has evolved every year into a product available in a variety of formats (printed-on-demand, electronic, and intranet) for both SDA subscribers and non-subscribers. This makes the research available to the media, organizations, and individuals who do have access to SDA. Subscribers receive a substantial discount on *CBM* since they already pay to access the data (for example, a hard copy of *CBM 2009* costs \$139.99 for a non-subscriber, while it costs \$79.99 for a subscriber). The book drills down into fifty categories⁶⁸, using multiple charts and tables:

The Canadian Book Market shows you the top selling titles of the year as well as side-by-side comparative statistics from years previous, including: Peak season, peak week and average weekly sales, publisher and distributor market share, comparative performance analysis by publication date, format and price, [and] unit sales by week, median and average pricing and summary statistics.⁶⁹

The difference between the non-subscriber version—which could be used by the media or universities—and the subscriber version of *CBM* is that only the latter shows unit sales for specific titles, publishers, and distributors; non-subscribers just see the top five titles in a list, and the percentage of publisher/distributor market share. The *CBM* is an invaluable tool for anyone who needs detailed, reliable data about the performance of a particular category or the trade book market as a whole, and only BNC has the time and resources to mine the data in this way and show its full potential.

A more publicly accessible (and, arguably, more influential) value-add is that SDA provides weekly bestseller lists for some of Canada’s largest national media. When the current week of data becomes available on Thursday morning, lists of various sizes in categories such as Fiction, Non-Fiction, Juvenile, Mystery, and Business are sent to *The Globe and Mail*, *The*

⁶⁷ Genner, interview by author, August 10, 2010.

⁶⁸ See Appendix A for an example of the “Gardening” category from *CBM 2009*.

⁶⁹ BookNet Canada, “The Canadian Book Market,” BookNet Canada, http://www.booknetcanada.ca/index.php?option=com_content&view=article&id=206&Itemid=394.

National Post, *Quill and Quire*, and the CBC, based on the type of lists needed for their individual publications. For example, *The Globe and Mail* requests Fiction, Non-Fiction, Juvenile, Mass Market, and Mystery, as well as two rotating subjects chosen by BNC (such as Parenting and Vegetarian Cooking). When these lists are published, BookNet Canada is credited as the source for the data. These are the only bestseller lists based on point-of-sale data from SDA, and are considered the most accurate lists in the Canadian book trade. Since having a title on a bestseller list puts it in the public eye and further increases sales, accurate bestseller data is very crucial in an industry that often relies on the “buzz” from word-of-mouth promotion. It is only fair that the books that are actually gaining ground across the country are represented in bestseller lists, rather than those selling rapidly in a few particular stores (a method of bestseller-list creation still used by many publications).

The demystification of sales trends that begins with BNC’s data-derived bestseller lists is extended with another value-add, *BNC Research Studies*. The studies are researched and compiled by a BNC intern, released every two months or so as a downloadable PDF in the document repository on the BNC website, and are free for *SalesData* subscribers to download. Depending on the appropriateness of the topic, BNC will also create a non-subscriber version of the study that replaces exact sales figures with a less revealing data point (such as a percentage). Non-subscriber versions of the studies are also completely free, and can be accessed with login information found inside the weekly BNC newsletter, *eNews*. The topics are either based on something timely and newsworthy (What is Barack Obama’s effect on book sales? Who sells more books, J.K. Rowling or Stephenie Meyer?), seasonal research (Which categories sell well at Christmas? What should a publisher expect if one of its titles is nominated for a national book award like the Giller Prize?), or direct responses to suggestions from those in the publishing community who want to make use of specific research.

An example of the latter is a request BNC received in early 2010 that asked for a study on the effect of movie adaptations on book sales. In 2007 *BNC Research* had in fact produced a study on the effect of movie tie-in covers (“Great Film -But the Book was Better”), but the study was narrowly focused on covers alone, and did not examine the effect of film marketing or the demand pattern for titles prior to and following a movie adaptation’s release. In response to the request, BNC released “From Page to Screen,” a study that “digs into the sales figures for books on which movies are based as well as related backlist titles to see what kinds of trends and patterns

can be found.”⁷⁰ BNC’s initiative in responding directly to industry research requests (both SDA and *eNews* subscribers are invited to submit their ideas on the *BNC Research* homepage) is part of what makes its research an essential value-add.

2.2.1 Tracking industry trends with BNC data

Another way that *BNC Research* adds value for SDA subscribers and the book trade in general is by mining the nearly five years of cumulative point-of-sale data to uncover overarching and long-term trends. For example, a natural research topic for a company that tracks national data is to determine which titles in a variety of categories are the perennial bestsellers of the Canadian market (a “perennial bestseller” is a title that sells well in relatively steady numbers every year). While this topic was on the “back-burner” of *BNC Research* for a few years, it only became feasible in the summer of 2010 once there were four full years of data to consult. The “Perennial Bestsellers” study was compiled by searching across a total of fourteen categories (including Fiction, Juvenile, Business, Self-Help, and Sports) for titles that ranked highly every year from 2006 to 2009; the lists were then ranked by sales in 2009 to ensure that the title rankings reflected current relevance.⁷¹ The top twenty were included in the study, and for each category seven books of potential interest (three “Classics and Newsmakers” and four “Titles You May Have Missed”) were accompanied by a short description, the average annual rank, and the average deviation. Average deviation calculates the average difference between the actual sales numbers for a book in each year and the mean of the four-year sales total, revealing whether a title sold steadily year-over-year or had a large jump or decline in sales. The study was released in both SDA subscriber and non-subscriber versions; the non-subscriber version replaced units sold with the average annual rank and average deviation for each title.

While “Perennial Bestsellers” hoped to prove right or wrong the assumptions of anyone in the industry who was curious about continually bestselling titles, booksellers were the target audience for the study. After all, it is in a publisher’s best interest to only focus on which of *its* titles are perennial bestsellers, rather than those of other firms as well. The goal was for booksellers to use the study’s findings to populate various sections of their store with titles that are proven to sell well in their categories every year. In a sign that this goal was reached, soon after

⁷⁰ BookNet Canada, “Studies for SalesData Subscribers,” BookNet Canada, http://www.booknetcanada.ca/index.php?option=com_content&view=article&id=366&Itemid=396.

⁷¹ Chelsea Theriault, “Perennial Bestsellers,” *BNC Research*, BookNet Canada, http://booknetcanada.ca/index.php?option=com_docman&Itemid=561.

the study was released a representative of Words Worth Books in Ottawa contacted BNC with positive feedback about the study and a statement of intent to use the information to develop some of the store's sections.

As an organization that benefits from government funding, it may be said that BookNet Canada has a responsibility to “give back” to the general public. A final value-add, quarterly and year-end press releases on industry growth based on sales figures pulled from SDA, addresses the right of society at large to have objective, accurate information about the state of the book trade. “The number of requests we get for our information,” says Genner, “is incredibly high.”⁷² Therefore, after the end of each quarter and calendar year, BNC releases data that compares the value and volume sold of the total market and the Fiction, Non-Fiction, and Juvenile categories to the same quarter of the previous year. Occasionally BNC adds some context for the figures, such as from a February 16, 2010 press release that states, “Fiction and Juvenile increased significantly in the last year, perhaps due to the remarkable performance of authors like Dan Brown and Stephenie Meyer.”⁷³ When asked how and when this practice began, Genner recalls:

We started about three years ago [in 2007], when we started getting a lot of requests from media about how the market was doing. No one had access to that data; it has been released in other markets for a lot longer. We felt it was important for not just the media, but for people to know what was going on.⁷⁴

The media can use the data in these press releases to give context when discussing the book trade. For example, an article in the *Financial Post* about Indigo's plan to provide photography services in its stores concluded with the following statement: “The shift at Indigo comes after a solid 2009 in Canadian book retail; book sales rose 4% higher in dollars and 1% higher in units in 2009 over the prior year, BookNet Canada says.”⁷⁵ These figures situate the news about Indigo's restructuring in the context of the book trade's overall performance. Since the book industry is currently in the media spotlight due to increasing hype about e-books and e-reading devices, it is important for the media and the Canadian public they serve to have factual data about industry

⁷² Genner, interview by author, August 10, 2010.

⁷³ BookNet Canada, “Year over year, book sales up in 2009 both in value and volume.” Press release, February 16, 2010. http://booknetcanada.ca/index.php?option=com_content&view=article&id=605:20100216-book-sales-in-review&catid=179:2010-press-release-archive&Itemid=555.

⁷⁴ Genner, interview by author, August 10, 2010.

⁷⁵ Hollie Shaw, “Indigo to try in-store photo departments,” *Financial Post*, July 6, 2010, <http://www.financialpost.com/news/Indigo+store+photo+departments/3243135/story.html>.

growth to balance against the sensationalism that often comes hand-in-hand with news of closing bookstores and the digital revolution.

1. Holes in the Data Set

While SDA is certainly the most wide-reaching, authoritative, and accurate source of point-of-sale data for the Canadian book trade, one drawback is that it is not a complete representation of the Canadian book market. BNC estimates that SDA captures about seventy-five percent of Canadian trade book sales (most online and all e-book sales are missing as well, an issue to be dealt with shortly), and this is made very clear in any press releases, research studies, or website content referring to numbers pulled from SDA. As Noah Genner reminds us:

This is a representation of what's selling in the market, not everything that's selling. Sometimes people forget that. I had a letter from an author last week who was angry that we were under-representing the sales of his books; someone gave him the numbers of sales of his books from our system but didn't put them in context [...]. He compared that against his royalty statements and got upset. Under-representation is a concern for us. We'd love to have 100%, but no one has 100%.⁷⁶

There are two main reasons for the gap in SDA's market penetration. First, it is a fairly new service and BNC is still recruiting retailers; as of December 2010, SDA will only be five years old. While other systems may "model-up" their numbers to make up for sales-reporting gaps (by multiplying the sales of a book by the percentage of the market that is missing), BNC does not see this as a viable solution. Genner recalls, "The industry committees that we worked with at the beginning decided that that's not what they wanted to do; they wanted hard numbers, and they would know what the difference is."⁷⁷ Since "one of the major goals for SDA has always been to capture as full and complete a picture of the market as possible,"⁷⁸ BNC is always signing up new retailers and continuing to narrow the gap.

The other, more problematic, reason for the gap in SDA's market representation is that many specialty and independent retailers have purposefully refrained from signing on. This is problematic because there is only so much BNC can do to negate reluctance caused by a culture of staunch independence in combination with a fear of large-scale data sharing. Tim Middleton

⁷⁶ Genner, interview by author, August 10, 2010.

⁷⁷ Ibid.

⁷⁸ Fry, interview by author, August 16, 2010.

estimates that SDA is missing 700 out of 1700 book retailers⁷⁹, not including specialty stores (those that sell only Christian books, for example); in his words, “In some ways its easier to get the big guys than the little independents, since the little stores have so many reasons to not get involved,”⁸⁰ such as fear of having their sales exposed and the perceived inability to find value in SDA involvement. Even when it comes to value-adds such as *Prospector* and *BNC Research*, Middleton notes:

You can give them as many tools as you want, but the truth is that they don’t have time to use them. With bookselling at that level, you’re embedded in your community, you think you know what they want to buy, and some will say, “I don’t need a technological solution.” Some people don’t even have computerized inventory. On the [independent] retail side there hasn’t been the realization that these tools are really useful. [...] It’s a tough pitch.⁸¹

The fear that contributing to SDA may expose one’s sales to competitors “is a ridiculous reason not to share it, because publishers want to sell their books. They’re going to tell other retailers what is selling somewhere, they’re not going to keep it a secret.”⁸²

While Middleton makes a good case for contributing to SDA, what is the perspective of the stores that have held out so far? The owner of an independent retailer who does not share data—and is known for significant sales in a specific genre—was asked for their perspective on SDA. The bookseller requested to remain anonymous *and* unquoted, except for one statement: “We don’t find [SDA] valuable.”⁸³ This retailer, and many others most likely, know their market niche so well that they cannot see any value in also knowing what is happening in the rest of the market.

Another reason that some independent bookstores may not see value in contributing data to SDA is that they use *BookManager*, a point-of-sale data management service that provides sales and inventory reports as well as a host of other features. Created in 1986 by an independent bookseller in Kelowna, BC, *BookManager* has become the standard software for many Canadian independent booksellers, particularly those in Western Canada. *BookManager* markets itself as a service for staunchly independent companies alone (its website states, “For many independents,

⁷⁹ Since SDA currently tracks about 1000 retailers, we can estimate that the total is 1700. “Book retailer” does not refer only to dedicated bookstores, but to a retail location that sells books as well as other items.

⁸⁰ Middleton, interview by author, August 12, 2010.

⁸¹ Ibid.

⁸² Ibid.

⁸³ Independent bookseller, telephone interview by author, September 8, 2010.

BookManager is more than just software—it's a group of progressive booksellers who are working hard to remain strong and independent”⁸⁴), and many independents have worked with it for a long time. In addition, the software offers a variety of essential business services in one package, from “ordering, inventory, suppliers, point-of-sale, returns, customers, accounts payable, receiving, reports, accounting, invoicing, [to] accounts receivable and a host of other book industry related tasks.”⁸⁵ *BookManager* is a data analysis option for stores that want to be able to make convenient reports similar to what SDA offers, but do not want to see the rest of the market or share their data. While there is nothing preventing *BookManager* users from also subscribing to SDA (*BookManager* even has a special software module that, if enabled, reports point-of-sale data directly to SDA), it so happens that *BookManager*'s independent bookseller clients are the demographic who are most likely to be wary of SDA. Since it offers similar services, *BookManager* can be considered a competitor for SDA's mindshare in the independent bookselling community; in the bookseller's mind, why would they need to use both? The combination of many years of market presence with the integration of multiple services makes *BookManager* a “legacy system,” a product in which so much has been invested over time that switching to another can be very detrimental. Even though SDA is free for retailers and *BookManager* costs \$3900, for some retailers the value of keeping their data isolated in an integrated system that serves their business' needs is greater than that of seeing the market as a whole.

2. The Digital Divide

While missing a portion of retail book sales impacts SDA's representation of the book market, the changing nature of the book industry supply chain itself is also negatively affecting SDA's market penetration. Specifically, SDA does not capture most online print book sales, or any e-book sales. Bookselling not only increasingly takes place online, but e-books are growing in popularity; this means that the definition of “book sale” has changed from that of a physical interaction in a bricks-and-mortar location between customer and cashier to something more akin to an online file transfer.

⁸⁴ *BookManager*, “About *BookManager* Software,” TBM *BookManager*, <http://BookManager.com/tbm/?q=h.BookManager.bmfeatures&page=0&STG=1824022989>.

⁸⁵ *Ibid*.

In 2000, the Standing Committee on Canadian Heritage showed concern about the lack of sales figures for books being sold from websites; Appendix J of their report laments, “There is little up to date information about the sale of books over the Internet in Canada.”⁸⁶ Regrettably, that is still the case ten years later. Online book sales in Canada started with Bookshelf.ca, were then pursued aggressively by Chapters.Indigo.ca around the time of the 2002 launch of Amazon.ca, and are now available on the websites of a variety of retailers and publishers. While some retailers do report online sales to SDA, they are folded in to their overall store numbers and cannot be accessed separately; more disappointing is the lack of one retailer’s significant online sales in the system at all. No data exist for the approximate percentage of Canadian book sales that take place online, yet it is big enough for Jackie Fry to identify as “a huge gap; more than any other, people feel that one. They really want to get those numbers, and we’d love to have them.”⁸⁷ For SDA to more accurately represent the trade book market in Canada, online sales numbers are essential. If these were provided to BNC, the title rankings on the bestseller lists could change since certain audiences are more likely to buy certain titles online than in a physical store. From a research standpoint, having access to online sales data would allow BNC to study trends and release reports that may help the industry to be more efficient and make more sustainable choices when developing their digital channels.

The same issue of missing data—which leads to under-representation of certain titles and the inability to understand growing areas of the market—also applies to e-book sales. Unlike online sales, which are included here-and-there in SDA, e-book sales are not represented in the system at all. In Canada, the e-book market is currently made up of Kobo (formerly Shortcovers, formed in partnership with Indigo), Amazon Kindle, Apple iBooks, and individual sales from publisher websites. When asked about what the industry is missing out on by not having e-book sales data, Noah Genner states that since the sales are small but growing,

It would be really good for publishers to see in an aggregated nature what is happening in the e-book market. When Kobo presents, it’s useful because they’re actually giving out some numbers and saying, “This category is doing well,” and which price points are doing well. There’s a lot of value there.⁸⁸

⁸⁶ Canada, *Challenge of Change*.

⁸⁷ Fry, interview by author, August 16, 2010.

⁸⁸ Genner, interview by author, August 10, 2010.

While many in the publishing industry, such as Peter Waldock, feel that e-books are “‘much ado about nothing’, and a whole lot of noise is being made for less than five percent of the market,”⁸⁹ the truth is that there will not be any clear answers or conclusions about the growth (or lack thereof) of e-books in Canada unless the data are collected and tracked in SDA. Publishers are investing time and resources in digitization anyway, and it would be helpful to know what is happening in the market in terms of categorical trends and which titles would appear on a digital bestseller list. Nevertheless, it will be impossible for BNC to recruit e-book data contributors until there are enough retailers and sales to create an aggregate large enough to discourage deductive exposure (where only two retailers have significant sales, and one can deduce the relative sales of the other by subtracting their own numbers from the combined total). Current initiatives in the US and UK to track and chart e-book sales are coming up against the same problems, despite the market being so much larger. Jonathan Nowell, President of Nielsen Book, told *The Bookseller*:

An e-book chart will be launched in "a matter of months rather than years." [...] "We will clearly, as we are in the print book world, be transparent about who is on the panel down the line," he said. "But, for the moment, we have to protect the exposure of the individual panellists." Nowell said the chart would not be launched "unless it is as comprehensive and robust as we can make it", and stressed the relatively small nature of the e-book market as it is currently.⁹⁰

The tipping point for e-book retailer market growth may come along with the launch of Google Editions, which will give bookstores the option to sell e-books from their websites. As stated in *The Globe and Mail* in May 2010:

Google Editions will allow people to purchase books they find through the search engine’s database. Booksellers will also be able to run Editions on their own websites, sharing revenue with Google. [...] Canadian booksellers who were upset recently when Amazon was allowed to open a physical distribution centre in Canada – something they said would further harm the Canadian book industry – are striking a decidedly more optimistic tone when it comes to Google Editions. “I think it could be a good thing,” said Mark Lefebvre, vice-president of the Canadian Booksellers Association.⁹¹

If Google Editions accelerates the growth of the e-book retail space, the tipping point for an e-book sales tracking module in SDA may arrive in the very near future.

⁸⁹ Waldock, interview by author, August 13, 2010.

⁹⁰ Catherine Neilan, “Months not years’ for e-book chart, says Nielsen,” *The Bookseller*, July 26, 2010, <http://www.thebookseller.com/news/124123-months-not-years-for-e-book-chart-says-nielsen.html>.

⁹¹ Omar El Akkad, “Google bookstore plan could be boon to Canadian industry,” *The Globe and Mail*, May 04, 2010, <http://www.theglobeandmail.com/news/technology/google-bookstore-plan-could-be-boon-to-canadian-industry/article1556458/>.

As was the case in the early days of SDA, BNC is ready and willing to aggregate e-book sales data (and has heard multiple requests for that information) but the impetus to begin sharing data needs to come from the retailers themselves. Since the business models for trade e-book retailing and digital publishing are relatively new, however, companies like Kobo are likely to keep their data in-house (or release it selectively in controlled environments, as Kobo has been known to do in its presentations) until there are enough players in the market to make an aggregate valuable. As Carol Gordon states, “With e-books there is a strategic advantage to not having information in *SalesData*, since you already know what your numbers are, but I don’t think that will last. There gets to be a point where you think your numbers are good, but you need to start doing some comparative analysis.”⁹² Without an aggregate for e-book sales in Canada, the industry remains in the dark about the metrics for this growing sector; for example, there is no e-book bestseller list, year-over-year growth analysis, or data with which to determine if e-book sales are “cannibalizing” print book sales. These are a few of the benefits that would come from having an e-book aggregate in SDA, yet no one wants to be the first contributor in the pool. In addition, the online nature of e-book sales simplifies and automates sales data collection, making it easy for companies to collect and keep for themselves (a likely reason why some retailers have yet to report their online sales of physical books to SDA). It may be said that the digital publishing arena is like the Wild West: there is less concern for “the greater good” of the collective industry since, as on the frontier, the dominant ideology is “every man for himself.”

3. Summary and Analysis

Overall, the main reason that SDA does not yet fully represent independent and digital sales is the potential contributors’ lack of confidence that they can “predict trends, manage inventories and reduce costly mistakes”⁹³ in SDA without revealing trade secrets to their major competitors. This is true for both the independent retail and e-book sectors, both of which operate in markets dominated by one or two other companies (Indigo in the physical bookselling world, and the Amazon-Apple-Kobo triad in the e-book space). Unlike retailers in the much larger US and UK industries, those in Canada’s relatively small book business may be

⁹² Gordon, interview by author, August 16, 2010.

⁹³ BookNet Canada, “*BNC SalesData*,” BookNet Canada, http://booknetcanada.ca/index.php?option=com_content&view=article&id=434&Itemid=299.

understandably reluctant to give their formidable competition an advantage by contributing to their understanding of the market as a whole. In contrast to publishers, who were quick to embrace SDA since their businesses thrive when they have a clear understanding of the market (for example, by knowing what titles are popular and competing for market share with one's own, which categories are growing, and who they need to surpass to get on the bestseller list), some book retailers feel that exposing their sales data—even on an aggregated level—is a risk not worth taking if it could jeopardize the small slice of the market that they already do have control over.

The contributors' confidence in their market position has so far been integral to SDA's growth. The main reason SDA exists today is because Indigo was confident enough to stand behind the project and be one of the first to contribute data. Other chains then saw that their largest competitor had signed up to receive efficient and cost-effective data analysis through BNC, so they were convinced to join SDA as well. Yet for some staunchly independent stores, much of their identity hinges on being a distinct alternative to Indigo and cultivating an intimate knowledge of their specific community. This knowledge, often built up over many years by a handful of people, is seen as so precious and integral to their business success (something the anonymous retailer from earlier mentioned) that they cannot see any benefit to giving that power up. While Indigo's support for SDA attracts some retailers, it may also repel those who feel that their bookselling community is in a business environment altogether different to the one dominated by the chain.

One cost of this lack of confidence in collaborative commerce is an industry where little is known about certain categories or regional trends, leaving authors and genres underrepresented and perpetuating an unchanging parade of "blockbuster" books and authors across the top of the ever-influential bestseller lists. Most significantly, however, the reluctance toward collaborative commerce stifles comradery by focusing on competition as a dominant ideology. While competition is a healthy and integral part of business, it should not eclipse collaboration in an industry that is starting to feel the disruptive effects of a digitized supply chain. For example, the advantage that many local, independent bookstores have over mass market and chain stores is that they have developed an intimate knowledge of their community's literary tastes and needs, yet this knowledge is vulnerable to ownership changes, staff rotations, and increased competition from the ever-sophisticated recommendation algorithms of online retailers. An early familiarity with SDA as a tool to research the marketplace and track sales would help to offset the disruption that may occur as a new generation of booksellers move in and buying habits evolve.

Since new retailers sign on to SDA every year and very few new stores are opening, it is likely that the percentage of the market's sales data tracked by BNC will climb higher than seventy-five percent. The launch of *BNC CataList* as a standard alternative to the coming wave of e-catalogues also has the potential to increase SDA's market share. The singular, national e-catalogue system will appeal to booksellers who only want to learn how to use one system, and may cause more stores to subscribe to SDA so that they will be able view comparable title data while deciding which titles to order.

Returning to the e-book sector, confidence in data sharing is likely to grow once more mid-sized players enter the game. Currently, the value of an e-book module in SDA is not very significant to publishers or e-book retailers since the market is fairly monopolistic, with sales shared amongst Kobo, Amazon, and Apple. A "tipping point" of online and e-book sales, where a significant amount of the above triad's market share is threatened by more heterogeneous competition, will have to occur first in order to make the value of contributing this information equal to the value of the aggregated information received.

Whether this reluctance to share data is a temporary issue or a permanent one depends on the book business' trajectory in the coming years. If "by the end of 2012, 25% of sales for a new book are digital"⁹⁴ as esteemed publishing consultant Mike Shatzkin predicts, mass store closures will occur and bookstores will need to be smarter with their decision-making in order to survive. One strategy will be to collaborate for their mutual benefit, as exemplified by the peer group concept in SDA: rather than fear the possibility of another bookseller discovering the special titles that sell well in one's own store, peer groups encourage the sharing of these discoveries amongst other retailers with similar types of stores. Within SDA is what Rushkoff calls "a design for our collective future;"⁹⁵ all that remains is for the industry to put it into practice.

⁹⁴ Mike Shatzkin, "Serious disruption just over the horizon," *The Idea Logical Blog*, April 7, 2010, <http://www.idealogue.com/blog/serious-disruption-just-over-the-near-horizon>.

⁹⁵ Rushkoff, *Program or be Programmed*, 8.

CONCLUSIONS

Much of this report has focused on the BNC mandate to “do no harm,” embodied in SDA’s purpose of serving the greater good of the industry. While this mandate is essential because it reinforces BNC’s third-party stance and reassures new and potential participants that BNC has their best interests at heart, it creates drawbacks of its own by limiting the ways SDA can be used. One such example comes from Peter Waldock, who says, “I’ve always dreamt of the day we’d be able to pick up *The Globe and Mail* on Saturday and see how many copies each of the bestsellers had sold. We don’t allow that.”⁹⁶ It is understandable that Canadian sales data should be less public than that in the UK, since our annual sales are only about a third of the size (BNC tracked 57,209,862 book sales in Canada in 2009⁹⁷ [about seventy-five percent of the market] compared to 235,700,000 in the UK as reported by Nielsen BookScan⁹⁸). The Canadian book trade’s relatively small size adds to the perception that there are potential personal and business consequences to opening up the data. “Publishers,” Waldock elaborates, “seem to be really hung up on numbers. Often what it is, is that when we actually show sales of Canadian titles, let’s say in the winter, then the numbers are embarrassingly low.”⁹⁹ Although SDA was created to provide solid, metrics-based answers about what happens in the Canadian book market, some of these answers have proved to be potentially more harmful than helpful. For example, the “embarrassingly low” sales of certain titles, even in spite of the media attention they receive in the form of reviews on the CBC or in *The Globe and Mail*, is a reason *BNC Research* has held back on studying “Can-Con” (Canadian content).

It is possible that if a larger portion of the specialty, independent stores currently missing from SDA contributed their data, the sales numbers may start to tell a different story; still, the only guarantee about the future of SDA is that it will continue to evolve. In the late summer of 2010, for example, BNC began the process of releasing daily data for the peer view clients of one large retailer, a significant change for the system that so far has only produced weekly data updates. Many changes in SDA functionality are inspired by requests from SDA users about what they would like to use the system for. Jackie Fry says, “People wish it would do more; some people

⁹⁶ Waldock, interview by author, August 13, 2010.

⁹⁷ See Appendix A.

⁹⁸ Philip Stone, “Book sales suffer marginal decline in 2009,” *The Bookseller*, January 04, 2010, <http://www.thebookseller.com/news/108435-book-sales-suffer-marginal-decline-in-2009.html>.

⁹⁹ Waldock, interview by author, August 13, 2010.

really want to see returns numbers in *SalesData*, like another column saying the number returned per title.”¹⁰⁰ Additionally, Carol Gordon mentions a request from one multinational publisher who “views their local program differently than their entire line, so we’re looking at ways that they can break that data out, for comparison to other local programs. That’s for the associations to work out maybe, whether that’s something other companies are willing to share.”¹⁰¹

Collaboration on the permissible extent of data sharing in SDA is essential for the health of the industry going forward; Shatzkin agrees, as his first commandment for the book industry is “Thou shalt regard thy former competitor as thy future collaborator.”¹⁰² Ria Bleumer experienced this first hand in the building of her new bookstore, when Sharman King from the Vancouver-based chain Book Warehouse (which sells a mixture of publisher remainders and discounted bestsellers) offered to transfer the lease of his Kitsilano location to her. This allowed Bleumer to set up Sitka Books and Art at low cost with speed and efficiency, since the space was already designed as a bookstore. In Ria’s words, “That was a perfect example of working together; we need little independent bookstores, and we need places like Book Warehouse. It couldn’t get any better.”¹⁰³ It is a good sign for the industry if former competitors (before it closed in 2009, Ria’s former store Duthie Books was only a few blocks away from the Book Warehouse location Sitka inhabits now) can work together on a level as intimate as physical store space. “We have good relationships,” Ria notes, “and they are improving very rapidly. We are finally realizing, and taking action accordingly, that we are all part of the same business and we are colleagues rather than competitors.”¹⁰⁴

If Bleumer and her colleagues decided to collaborate further with a technological solution such as peer group data sharing, their ideal resource would be BNC. Once again, it is not BNC’s intention to decide which collaboration is best or how much data should be shared, but rather to listen to the industry and address its collective needs and wants by providing the necessary tools.

¹⁰⁰ Fry, interview by author, August 16, 2010.

¹⁰¹ Gordon, interview by author, August 16, 2010.

¹⁰² Mike Shatzkin, “Ten More Commandments, Publishing Edition,” *The Idea Logical Blog*, June 27 2010, <http://www.idealogue.com/blog/ten-more-commandments-publishing-edition>.

¹⁰³ Bleumer, interview by author, September 6, 2010.

¹⁰⁴ Ibid.

Now that SDA has created an infrastructure for data sharing and set a precedent for collaborative commerce, there is room to expand this sharing. Doug Minett says:

Many of us would have preferred for data sharing to go much further than it has; on-order and on-hand numbers are not shared. That, to me, is a negative because it keeps people from being able to know what really is going on in the supply chain. The only people who know that data are in peer groups. On-order and on-hand positions tell you right away the thinking of people up front and as things are unfolding, while sales information is like looking at history.¹⁰⁵

The past five years of SDA have had an immense impact on the way that the trade book industry conceives of its own structure. Referring to sales data, Tom Woll goes so far as to say, “Without this information, publishers can’t do their jobs properly;”¹⁰⁶ Carol Gordon humbly states, “There’s an art and a science to publishing; BookNet gives you the science.”¹⁰⁷ SDA was created out of the perfect combination of urgency (the need to keep track of industry growth and reduce returns in response to the supply chain failure that led to the General Distribution collapse) and ambition (on the part of the “extraordinary group of people”¹⁰⁸ recruited to BNC), and has become an invaluable tool for collaborative commerce in Canadian trade publishing. As the incident involving Chapters and General Distribution proved in 2001, “if the book business is waged as a winner-takes-all military campaign, it fails for everybody.”¹⁰⁹ That may be an extreme example, but it is an important one. Canada’s small but culturally essential domestic publishing landscape is like a symbiotic ecosystem; “For any single publisher or part of this system to be healthy,” notes Roy MacSkimming, “it’s crucial that the rest of the system be healthy also.”¹¹⁰

¹⁰⁵ Minett, interview by author, August 29, 2010.

¹⁰⁶ Woll, *Publishing for Profit*, 329.

¹⁰⁷ Gordon, interview by author, August 16, 2010.

¹⁰⁸ Minett, interview by author, August 29, 2010.

¹⁰⁹ MacSkimming, *Perilous Trade*, 365.

¹¹⁰ *Ibid.*, 405.

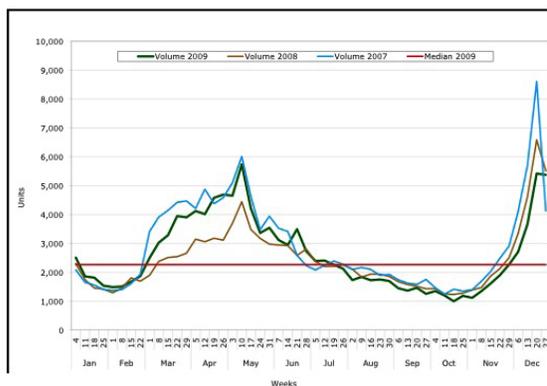
APPENDIX A

“Gardening” from *The Canadian Book Market 2009*

SUBJECT ANALYSIS > NON-FICTION > Gardening

	Comparable Stores		All Stores			
	Value List	Volume	Value List	Volume	ISBNs Reported	ISBNs with Sales
Total Market 2009	\$930,227,354.52	53,469,396	\$1,007,668,690.89	57,209,862	606,513	418,969
Gardening 2009	\$3,016,134.38	128,907	\$3,183,863.08	135,720	2,886	1,893
Gardening 2008	\$2,796,528.12	122,483	\$2,891,458.27	126,279	2,936	1,936
Percent Change	7.85%	5.24%	10.11%	7.48%	-1.70%	-2.22%
Category Share of Total Market	0.32%	0.24%	0.32%	0.24%	0.48%	0.45%

UNIT SALES BY WEEK



WEEKLY SALES ANALYSIS

	2009		2008	
	Value List	Units	Value List	Units
Median Week Sales	\$48,324.38	2,264	\$49,544.39	2,207
Average Week Sales	\$61,315.94	2,610	\$55,608.77	2,428
Best Week	\$149,105.44	5,739	\$127,256.81	6,586
Slowest Week	\$22,120.91	996	\$28,045.94	1,235

PEAK SEASON ANALYSIS

	2009	2008
Peak Season	April – June (1.7x median)	April – June (1.4x median)
Peak Month	May (2.4x median)	December (2.1x median)
Peak Week	May 10 (2.5x median)	December 21 (3.0x median)

TOP 5 HARDCOVERV

Title	Contributor	ISBN	Publisher	Bind.	List Price	AASP
The Canadian Illustrated Guide to Green Gardening	Cole, Trevor J.	9780888509451	Reader's Digest Association (Canada)	HT	\$49.95	\$46.32
The Canadian Garden Primer	Cullen, Mark	9780978266523	Lone Pine Publishing	HT	\$29.95	\$28.63
The Plant Finder	Rodd, Tony	9781554072651	Firefly Books, Limited	HT	\$49.95	\$44.58
Garden Design	Dorling Kindersley Publishing Staff	9780756642747	Dorling Kindersley	HT	\$45.00	\$43.10
Wicked Plants	Stewart, Amy	9781565126831	Algonquin Books of Chapel Hill	HT	\$25.95	\$24.49

TOP 5 PAPERBACK

Title	Contributor	ISBN	Publisher	Bind.	List Price	AASP
The Canadian Edible Garden	Beck, Alison	9781551055794	Lone Pine Publishing	TP	\$21.95	\$21.14
Animal, Vegetable, Miracle	Kingsolver, Barbara	9781554681884	HarperCollins Publishers Limited	TP	\$17.50	\$16.23
Herb Gardening for Canada	Peters, Laura	9781551055909	Lone Pine Publishing	TP	\$21.95	\$20.94
Perennials for Ontario	Beck, Alison	9781551052625	Lone Pine Publishing	TP	\$21.95	\$21.38
Landscaping with Stone	Sagui, Pat	9781580114462	Creative Homeowner	TP	\$21.95	\$21.21

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