

Speeding Things Up

Distributors take steps to get books to accounts as quickly as possible

By JUDITH ROSEN

The stack-'em-high days of bookselling, when big books were piled in towering displays, have long been over. But that doesn't mean that bricks-and-mortar book retailers can afford to be out of stock on the books their customers want. To control inventory and maximize profits, booksellers have been asking for faster turnaround times on book shipments. Over the past few years, distributors and the client services divisions of publishers have tried to meet those demands with new technology, print-on-demand (POD), and state-of-the-art warehouse facilities.

For many distributors, shortening response time has meant increasing warehouse capacity and adding facilities around the country to reduce ship time. "We think we have greatly improved the experience of all booksellers and librarians ordering from

Ingram and will continue to find ways to get more books to more customers faster," says Shawn Everson, chief commercial officer at Ingram Content Group. So

far this year the company has added two distribution centers—one in Fresno, Calif., and one in Allentown, Pa., which was expanded from a POD facility—for



National Book Network has made upgrades to its distribution facility in Blue Ridge Summit, Pa.

select wholesale and Ingram Publishers Services titles.

In addition, Ingram has added thousands of titles to its Roseburg, Ore., and Chambersburg, Pa., facilities. And it plans to add a new distribution center in Fairfield, Ohio, later this year. "Distribution is an important part of our overall portfolio. These facilities will significantly reduce delivery time in the East, Midwest, and West," Everson says, noting that the company will continue to work on related ideas that will help publishers build their businesses.

Ingram isn't the only distributor to reconfigure its warehouse facilities. Earlier this year Penguin Random House completed its consolidation of warehouse operations in Crawfordsville, Ind., and Westminster, Md. It may have been necessitated by the merger of the two companies, but the consolidation also helped Penguin Random House Publisher Services keep its place as a key distribution player.

"We now maintain more than two

million sq. ft. of space for PRH and its client publishers, wholly dedicated to 24/7 fulfillment at our facilities," says Jeff Abraham, president of Penguin Random House Publisher Services, which has a roster of 36 clients, up from 20 in 2009. With its large footprint, PRH offers same-day shipping on most orders. Five years ago, Random House was the first to offer independent booksellers free accelerated holiday shipping through its 2-Day Transit program.

But faster shipping is just one of the reasons for spikes in warehouse expansions, such as the additional 80,000 sq. ft. that Diamond Book Distributors is giving its Mississippi facility, and Hachette Book Group's recent addition of 218,000 sq. ft. in Lebanon, Ind., for a total of 1.4 million sq. ft. Although the expansion was completed late last year, Hachette continues to upgrade with innovations including a new pick-to-voice system and an automated laser-guided carton cutter.



Shawn Everson

Distribution

Some industry insiders point to HBG's warehouse upgrades as one reason that the company may be better positioned to buy the Perseus Books Group, which is on the market again. At this time last year, a deal fell through for HBG to purchase the press's publishing assets and Ingram the distribution business. Well before that, HBG began improving its distribution operations, shortening its turnaround by days to attract more clients. Although Hachette has only 16 clients, they are relatively large, including Disney, Marvel, and Quarto. As Todd Garrity, v-p of Hachette Client Services points out, "Hachette Client Services now makes up approximately half of the volume HBG ships and bills annually."

Simon & Schuster is also looking to raise its profile among potential distribution clients by adding more capacity. "Distribution clients have always been a major component of our business

strategy," said president and CEO Carolyn Reidy in July, when she announced that the company would add 200,000 sq. ft. to its distribution center in Delran, N.J., by the year's end. After the expansion, the footprint will be 718,000 sq. ft., with an additional 48,000 pallet slots.

"The message of the warehouse expansion is that we are open for business in a bigger way than ever," adds Steve Black, v-p of client services. "We want to take on more clients, and we are making a significant investment in order to both grow our client business and provide even better service for both existing and new clients."

Pick, Pack, Ship

While Perseus has no physical changes in the works, it continues to make improvements to its systems and policies, according to Mark Suchomel, who is president of client services and oversees

Consortium, Legato, Perseus Distribution, and PGW. "We are currently making changes to improve the consistency of the turnaround of shipments, so that accounts will be better able to predict when an order will arrive," Suchomel says, noting that Perseus reaches 90% of its customers within three days. As the largest distributor of independently published books in North America, client services are estimated to contribute \$300 million to Perseus's annual revenue of \$400 million.

Macmillan has been less concerned with increasing warehouse space than making the space it has work. Last year it reconfigured its Gordonsville, Va., warehouse to add pick locations, brought back inventory for long-tail titles from Ingram, and moved its mass market titles from Kentucky to Virginia. "This consolidation has improved lead time and allowed for larger, more efficient shipments," says president of sales Alison Lazarus. The company has improved its order processing and shipping schedule for all channels by 50% and is planning to offer two-day air delivery to the West Coast for certain types of orders for the upcoming holiday season.

For Independent Publishers Group, the #2 independent distributor, focusing on the supply chain is paying off. IPG, which represents a large number of overseas houses and recently began U.S. distribution for Penguin UK, will add Bonnier and the British Library in January, and it has begun consolidating shipments for its publishers from printers in Asia; it has also increased the frequency of shipping containers. It now sends them once a week from London, twice a month from Barcelona, and once a month from New Zealand.

COO Joe Matthews attributes the success of the company's Spanish-language books, which helped push up sales for the company overall, to the improved supply chain. Editorial Océano de Mexico sales (for which IPG distributes adult titles only) are up 50% this year, relative to 2014. Its print sales, coupled



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Distribution

with a 30% increase in e-book sales should help IPG meet its 2015 goals despite a slow start due to light print-book sales and heavy returns in the first and second quarters.

IPG is also among those looking to POD to get books to customers faster. It is working with Ingram, Amazon, and Edwards Brothers Malloy for POD, and it is in talks with Baker & Taylor/



Joe Matthews

Bookmasters. “We see [POD] as the most important way to guarantee availability to print close to the customer,” Matthews says, adding that “availability is king now.

You cannot be out of stock.” Like other distributors, IPG has expanded its warehouse, adding another 17,500 sq. ft.

“A lot of our publishers have benefitted from POD. That has been a huge part of our Ingram goals,” says Eric Kampmann, CEO of 20-year-old Midpoint Trade Books. Last year the company and its roughly 130–150 active publishers moved to Ingram 3PL (third-party logistics) for POD, logistics, and fulfillment. Now that the technical problems that came with the transition to a new system are past, Kampmann

says that Midpoint is in growth mode.

That doesn’t necessarily mean adding more or larger clients. One of the lessons Kampmann says that he’s gained from publishing his most recent book, *Getting to Know Jesus* (Beaufort, Dec.), is the importance of identifying the books that offer the most sales opportunities early. “There are too many underpublished books,” Kampmann says, estimating that Midpoint could earn as much as \$2 million more per year by developing strong titles early. “You have to pick your winners.”

National Book Network’s strategy in recent years has been somewhat similar: to work more effectively with its client base of 100 publishers. That has meant embracing paperless, scan-based pick-pack-ship technology; developing systems to better anticipate customer needs by replenishing and keeping the



Jason Brockwell

right mix of inventory in forward pick areas in the warehouse; and on-site POD with Edwards Brothers Malloy. For Jason Brockwell, who was recently named president, that has also meant a focus on special markets. “We see special-market accounts as an important

growth area for many of our clients over the next couple years,” he says. “So getting the systems and processes in place that can deal with different kinds of packing or packaging requirements or customers’ needs for different kinds of information on a label or invoice will be increasingly important.”

As to where future growth will come from, Macmillan’s Patti Huges, v-p of distribution, sales, and special markets, is not alone in seeing special markets and international sales as continued growth areas for their clients. At Diamond Book Distributors, growth has been across the board, according to Kuo-Yu Liang, v-p of sales and marketing, but global e-commerce, special sales, and distribution out of its UK facility are growing the fastest. At Ingram growth has come from new channels in gift, museum, and export accounts. PRH has experienced similar opportunities across the board, especially with international and online accounts, Abraham says. “Many of our clients have experienced double-digit sales revenue increases in the past year,” he notes, “with significant gains particularly in the independent bookstore, international, and specialty markets.” Overall distribution represents a double-digit percentage of PRH’s total revenue.

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The Little Indie Distributor That Could

BY ANISSE GROSS

While the business environment for smaller distributors has become increasingly difficult over the years, Berkeley, Calif.–based Small Press Distribution has carved out a niche for itself by filling areas overlooked by the bigger players.

Founded in 1969, SPD is dedicated to the distribution of independently published literature and currently represents 400 active presses. Among its bigger clients are Ahsahta Press, Black Lawrence Press, Dorothy, Hanging Loose Press, Les Fiches Press, Letter Machine Editions, Rose Metal Press, and Ugly Duckling Presse. Operations director Brent Cunningham

attributes SPD’s survival in part to its nonprofit 501(c)(3) status. He notes that while SPD survives primarily on earned income, the extra grant money from the National Endowment for the Arts and California Arts Council and other donors has made a difference in keeping SPD’s doors open.

Cunningham says that unlike other smaller distributors that have gone out of business by trying to emulate midlevel and major distributors’ approach, SPD banks on its commitment to championing the small press community. “It’s not that we are in the minor leagues wishing we were in the majors; it’s that we care about these small presses,” Cunningham says. That position has helped SPD, because when small presses have a