

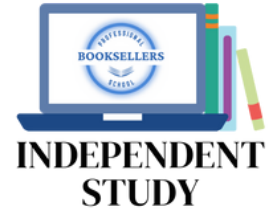
## INDEPENDENT STUDY

# Sidelines

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# Proven Pricing Practices



Unlike books, the vast majority of non-book products come into your store without a price printed on the label - and, often, without even having a MSRP. You're free to price items as high - or as low - as you would like.

For the sake of argument, let's say you're bringing a book light into your store.

Look out, because we're about to do some math.

Traditionally in retailing, you're aiming for a margin of about 50%. So, if this fantasy book light costs you \$5 from the vendor, you'll want to sell it for \$10. This is also known as "keystone" pricing. This maintains a margin of 50%, and means that once you've sold through half of your inventory you're making pure profit.

But, of course, there's a lot more to consider if you want to maximize profitability and sales in your store. First, you'll want to consider shipping costs, as you're often paying for freight when ordering products. If it costs \$10 in shipping and handling to bring in a dozen book lights, that means the shipping charge per item is \$0.83. Now, the book lights cost you \$5.83 a piece, so you'll need to price them at closer to \$12 each to maintain your margin.

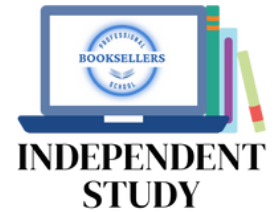
You'll also want to consider shrink, or the amount of inventory you lose due to either damages or theft. If you expect to lose 10% of your inventory in a category due to shrink, you need to cover that loss by increasing the cost per item. Again looking at the fantasy book lights, a loss of 10% of your initial investment in a dozen book lights is about \$6, or \$0.50 per book light. You're now looking at the real cost for each one, including shipping and shrink, of about \$6.33.

Like book publishers, sideline vendors usually require minimum purchases for orders to be processed or receive standard terms. Unlike book publishers, these often include a minimum order per SKU in addition to a minimum unit or dollar amount. Cards are often sold only in multiples of 6 per design, of example, and toys and games often come in pre-packed boxes of two, four, or six units. Thus, for sidelines, you often have to think not only about if you can sell a particular item, but how many you can reasonably expect to sell.

Happily, also like book publishers, sideline vendors often run promotions and specials, especially for new accounts. And, like with books, it pays to take advantage of these when you think an item is a good fit for your store. However, you will want to make sure to price the items as though they were coming in at regular terms - your promo won't last forever, and you don't want to suddenly lose margin on something that has become a store staple when a discount or free freight goes away.



# Considering Used Books 1



## General

- Policies that work for used-only stores do not always work for hybrid new/used stores.
- Remainders or donations can be a good way to test whether you want to get into used books or not.
- Can be very different customer types and can be hard to serve both groups simultaneously.

## Pros

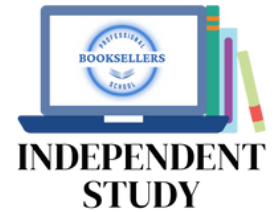
- Can set your own margins to increase store profit
- Less cash outlay
- Easy way to test a new section or fill one out
- Service to your existing customers
- Expand your customer base
- Benefit to lower-income customers
- Some crazy valuable finds
- Lets you share great out-of-print books with your customers
- Possible path to train a new-book buyer

## Cons

- State unclaimed property/escheat laws complicated and may make you remit cash to your state for unused credits! This is why I got out of the trade-credit business.  
<https://rsmus.com/what-we-do/services/tax/state-and-local-tax/unclaimed-property/california-court-issues-significant-unclaimed-property-decision.html>
- Nonreturnable so need to factor in markdowns/giveaways into margins
- Can be a big time suck (decisions made one unit at a time, data entry/pricing issues, grading condition, dealing/explaining to customers)
- A buying function which often adds to owner/buyer workload as may be hard to delegate/oversee
- Used inventory not equivalent to cash on balance sheet the way new books can be
- Once you carry any used, customers will ask you to do more time-suck things like book searches, keep files of wants, appraise books, etc.
- Harder to ring thru books -- staff may accidentally ring thru used as new or vice versa.
- May require additional operating expense: another POS module, labels, cleaning supplies, a barcode printer.
- Lots of competition from nonprofit realm who can easily undercut a for-profit business: friends of the library, Goodwill, customers reselling themselves online, etc.
- Unpredictable/erratic supply



# Considering Used Books 2



## Strategies/Policies to Consider

### Labeling/Shelving

- Will you shelve new and used beside each other or separate? If separate, staff is having to check two different places.
- How will you distinguish new from used? What if you have remainders as well?
- Removable labels (often fall off) or nonremovable (not ideal for collectibles)? What prevents customer from putting used sticker on the new copy?
- How will customers know the price of a used book?
- Is it important for staff to scan used books at checkout? Do you already have a barcode printer and method for generating labels?

### Pricing

- Book cover prices often increase by a \$1 every year. We do not recommend pricing based on the actual cover price on the book. Instead compare to the cost of purchasing a comparable new book today. But this requires educating customers.
- You can't return so your margin needs to be > new book margin even after you factor in markdowns and books that didn't sell and were eventually donated.
- If you already carry new books and remainders, will customers be confused by a third price point? Will you price the same as your remainders?
- What about antiquarian/collectible books? Do you have the knowledge to identify? Do you have in-store customers for them? If not do you have a local antiquarian bookstore who would buy them or would you have to try to sell online?

### SKUS/POS

- Is your POS designed to handle used books?
- What will your used book SKU be based on? Will you have a different SKU for each separate copy? What if the book is so old it doesn't have an ISBN?
- Will you be listing your used books online? If so, will you grade condition? Take photos?

### Sourcing yourself vs Books coming to you

- You can source books yourself at library sales, Goodwill, etc. Pro: flexibility. Con: takes time and cash, not very scalable.
- Books coming to you: You can accept donations and/or trade-ins at your store. [We do not at all recommend paying cash outright. This will lead to many desperate non-readers taking up all your time trying to earn a quick buck.] Pro: no cash outlay. Cons (see below)

### Books Coming to You Cons

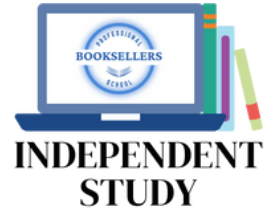
- Dirt, bugs & germs brought into your store
- Need space to store/process
- Need system to quickly get rid of donations you don't want
- Staff time to deal with incoming books may eat into sales/customer service
- Inflated customer expectations re: the value of their books can make them difficult to deal with or disappointed when you don't offer them as much as they were expecting

### Donations

- Not tax-deductible to the customer
- No time-sensitivity so tend to build up and not get processed
- Will be left after hours by your door



# To Textbook Or Not to Textbook 1



## Things to Consider...

Textbooks work differently than trade books

- sold and resold repeatedly
- new editions every couple of years
- lower discounts
- lots of competition

To make textbooks work you'll need:

- relationship with college, or with individual professors
- accounts with the big text publishers
- money for inventory

Considerations...

- Does this fit with the mission of the store?
- Is this an unmet need in your community?
- Will this complement the other things you offer in your store?

## PROS

- New revenue stream
- Expand your customer base

## CONS

- Lots of work
- Low margins
- Restocking fees
- Price competition online

### Textbook Publishers:

**Cengage** <https://www.cengage.com/>

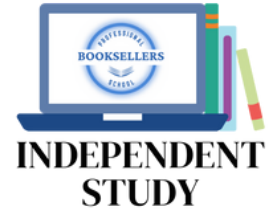
**Pearson** <https://www.pearson.com/>

**Palgrave MacMillan** <https://www.palgrave.com/us>

**McGraw Hill** <https://www.mheducation.com/>



# To Textbook Or Not to Textbook 2



Textbooks are not a high-margin proposition, so, even though they are actually a book rather than a gift, we'd categorize handling textbooks as a service. So what are the differences between regular books and textbooks?

A new trade book typically only nets you one sale - your initial sale to a customer. If you dabble in used books at your store, you may see a second sale when you sell a used edition of a trade book. Textbooks, however, can cycle through your store - they're sold, bought back, and sold again, as a student gets all they need out of a book and a new student needs the same title.

And it's good that these texts can be sold and sold again, because the margins on textbooks are thin - even compared to trade books, which have a smaller margin than most retail! These thin margins exist despite the incredibly high cost for many textbooks, which can range up to several hundred dollars for a single copy.

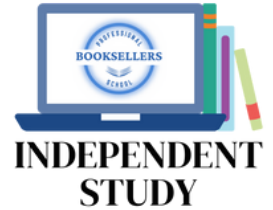
Textbooks are also iterative, with new editions every couple of years. This provides for new inventory, but effectively kills the demand for any lingering inventory you have - once the new edition of a title is out, you can hardly give away the old one.

You also face steep competition in the world of textbooks. Your biggest rivals currently are Chegg and Amazon, which are pretty dominant in the market. But beyond those, there are hundreds (if not thousands) of little startups that are clamoring for textbook dollars.

To make textbooks work, it's helpful to have a relationship with a college or university. If the institution isn't directing students to your store, it's not likely that they'll come to you on their own - textbook shopping doesn't have the same appeal as general indie bookstore patronage. Relationships with individual professors are also a huge help, as they'll direct students to your shop for their purchases, either through their syllabi or personally.



# To Textbook Or Not to Textbook 3



You'll also need to have accounts with the big textbook publishers. This involves lots of legwork opening new accounts, as the traditional publishers with whom you already have relationships likely aren't the ones publishing textbooks. Cengage, Pearson, Palgrave MacMillan and McGraw Hill are the biggest of these, but there are many more - including, possibly, the press at your local institution or their distributor.

Cash on hand is also important for textbooks. Terms with textbook publishers are, by and large, less favorable than with trade publishers, with shorter discounts and less forgiving payment terms. And, as you may remember from college, these books are expensive, which combines with a shorter discount for a much higher cost per item. You'll also need money for your buybacks. Sales and buybacks will also spike dramatically at the start and end of the semester, rather than holding steady throughout your year.

Selling textbooks isn't without its benefits. You stand to create a new revenue stream at your store, with the benefit of inventory that is hyper-specific to your customer base. While there are no guarantees, you can bring in higher numbers of fewer SKUs with a reasonable expectation that you'll have strong sell-through. You also expand your customer base, with loads of people coming into your store - many for the first time. If you can turn them on to the other products and services you offer, you'll see long-term, repeat customers, even after they move beyond their 2- to 4-year academic commitment to textbooks.

In deciding whether you'd like to carry textbooks, you'll need to weigh these benefits against the previously mentioned costs. Textbooks are a lot of work, with low margins, and fierce competition online for both customer and price. As we've mentioned a few times throughout this class, your store's mission and community's needs will likely be the biggest driver in a textbook decision, rather than a simple look at a budget or spreadsheet.



# Gift Vendors 1



Vendor Name	Some products they offer	Web Address
Abdallah Candies	Minnesota based candy/chocolates/caramels	<a href="https://www.abdallahcandies.com/">https://www.abdallahcandies.com/</a>
Ark-Made	Smudge kits, bracelets, crystals	<a href="https://ark-made.com/">https://ark-made.com/</a>
Astor Chocolate	Moodibars – fun packaging, good chocolate	<a href="https://astorchocolate.com">https://astorchocolate.com</a>
Compendium	Greeting Cards, Notecards, Gift Books & More	<a href="https://www.live-inspired.com/">https://www.live-inspired.com/</a>
Crocodile Creek	Kids Puzzles	<a href="https://www.crocodilecreek.com/">https://www.crocodilecreek.com/</a>
Cynla	Greeting Cards	<a href="http://cynla.com/">http://cynla.com/</a>
Designworks	Journals, planners, accessories	<a href="https://designworksink.com/">https://designworksink.com/</a>
Douglas	Plush animals/dolls for infants & kids (and adults who need a cuddle)	<a href="https://douglascuddletoy.com/">https://douglascuddletoy.com/</a>
Earthbound	Leather journals & bags	<a href="https://earthboundjournals.com/">https://earthboundjournals.com/</a>
Eeboo	Kids puzzles, games, art supplies	<a href="https://eeboo.com/">https://eeboo.com/</a>
Eugy	Wooden, 3-D Puzzles/Toys	<a href="https://www.eugy.com/">https://www.eugy.com/</a>
Flypaper	Literary gifts – candles, mugs	<a href="https://www.flypaperproducts.com/">https://www.flypaperproducts.com/</a>
Folkmanis	Puppets	<a href="https://www.folkmanis.com/">https://www.folkmanis.com/</a>
Fringe Studio	Journals, mugs, home accessories	<a href="https://fringestudio.com/">https://fringestudio.com/</a>
Ginger Fox	Games, puzzles, mugs	<a href="https://hacche.co.uk/">https://hacche.co.uk/</a>
Gray Day Studio	Greeting cards, mugs, tea towels, stickers & more	<a href="https://graydaystudio.com/">https://graydaystudio.com/</a>
Hammonds Candies	Denver, CO based candy company	<a href="https://hammondscandies.com/">https://hammondscandies.com/</a>
Hygge	Games	<a href="https://www.hyggegames.com/">https://www.hyggegames.com/</a>
Ideal Bookshelf	Enamel Pins, Stationary, Giftwrap, Mugs, Totes & more	<a href="https://www.idealbookshelf.com/">https://www.idealbookshelf.com/</a>
If	bookish accessories & so much more	<a href="https://www.ifusa.com/">https://www.ifusa.com/</a>
JooJoo	Greeting Cards	<a href="https://joojoopaper.com/">https://joojoopaper.com/</a>
Kikkerland	All sorts of accessories	<a href="https://kikkerland.com/">https://kikkerland.com/</a>
The MacBath	Soaps, lip balm, bath bombs, lotion & more	<a href="https://www.themacbath.com/">https://www.themacbath.com/</a>
Magnetic Poetry	Magnetic words/sayings for kids/adults	<a href="https://magneticpoetry.com/">https://magneticpoetry.com/</a>
Merrymakers	Plush dolls/toys	<a href="https://merrymakersinc.com/">https://merrymakersinc.com/</a>
New York Puzzle Company	Puzzles (Harry Potter!! – and more...)	<a href="https://www.newyorkpuzzlecompany.com/">https://www.newyorkpuzzlecompany.com/</a>
Ooly	Art supplies for kids & adults	<a href="https://www.ooly.com/">https://www.ooly.com/</a>
Paddywax	Candles made in Tennessee	<a href="https://paddywax.com/">https://paddywax.com/</a>
Paperblanks	fancy journals & planners	<a href="https://www.paperblanks.com/en/">https://www.paperblanks.com/en/</a>
Peter Pauper Press	Journals, bookmarks, puzzles, notecards	<a href="https://www.peterpauper.com/">https://www.peterpauper.com/</a>
Plus Plus	Construction toys	<a href="https://plus-plus.com/">https://plus-plus.com/</a>





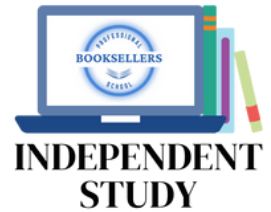
# Gift Vendors 2



Vendor Name	Some products they offer	Web Address
Puffin Coolers	Beverage coozies - outdoorsy items	<a href="https://puffincoolers.com/">https://puffincoolers.com/</a>
Quilling	Greeting Cards	<a href="https://quillingcard.com/">https://quillingcard.com/</a>
Read My Lips	Literary Lip Balm	<a href="https://www.rmlapothecary.com/">https://www.rmlapothecary.com/</a>
Screech Owl	Greeting Cards	<a href="https://screechowldesign.com/">https://screechowldesign.com/</a>
Seltzer Goods	Pens, puzzles, stationary, jewelry, socks & more	<a href="https://www.seltzergoods.com/">https://www.seltzergoods.com/</a>
Sock It To Me	Socks - adult & kids	<a href="https://www.sockittome.com/">https://www.sockittome.com/</a>
SpiceBox	Arts & Crafts for Tweens, Teens & Adults	<a href="https://www.spiceboxbooks.com/">https://www.spiceboxbooks.com/</a>
Stickers Northwest	Stickers, shirts, beanies	<a href="https://stickersnorthwest.com/">https://stickersnorthwest.com/</a>
Sweet Perversion	Greeting Cards, stickers, pouches & more	<a href="https://sweetperversion.com/">https://sweetperversion.com/</a>
Taza Chocolate	Maine based chocolates	<a href="https://www.tazachocolate.com/">https://www.tazachocolate.com/</a>
The Purple Cow	Travel Games, Puzzles, Memory Games	<a href="https://www.the-purple-cow.com/">https://www.the-purple-cow.com/</a>
Theo Chocolates	Seattle based chocolates	<a href="https://theochocolate.com/">https://theochocolate.com/</a>
Toy Cup	Shinjidai plush toys	<a href="https://www.toycup.com/shinjidai">https://www.toycup.com/shinjidai</a>
True South Puzzle Company	Made in USA Puzzles - wildlife, national parks & more	<a href="https://truesouthpuzzlecompany.com/">https://truesouthpuzzlecompany.com/</a>
Voluspa	Candles made in California	<a href="https://www.voluspa.com/">https://www.voluspa.com/</a>
Well Told Design	Etched glass - literary themed & more	<a href="https://welltolddesign.com/">https://welltolddesign.com/</a>
White Ladybug	Bookmarks, Bookjigs	<a href="https://www.whiteladybug.net/">https://www.whiteladybug.net/</a>
Word Teasers	Boxed cards for learning, conversation & laughs	<a href="https://www.wordteasers.com/">https://www.wordteasers.com/</a>
YOTTOY	Plush toys	<a href="https://www.yottoy.com/">https://www.yottoy.com/</a>
Your True Nature	Bookmarks, Magnets, Greeting Cards, Wooden Signs	<a href="https://myadviceforlife.com/">https://myadviceforlife.com/</a>



# Adding a Cafe?



## Things to consider when looking to add a cafe to your bookstore:

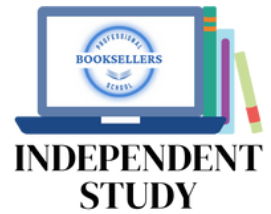
- What is your vision for the cafe? How does it complement the bookstore?
- Will you incorporate the cafe into the bookstore business or will you look to sub-lease space to an outside business to provide a cafe?
- New component of the bookstore business:
  - Contact local health department for permits/requirements for a cafe
  - Beer/Wine? Contact State Alcohol Beverage Control for permits/fees
  - Find a contractor who has restaurant experience. Get a design of the space.
  - Make a preliminary plan for equipment needed - big budget item!
  - Consider software to track inventory ordering/receiving
  - Talk with stores that already have a cafe in their store
  - Plan the menu items and pricing - build a sales forecast
  - Consider expenses that are unique to the cafe and expenses shared within the bookstore. Complete your initial financial forecast.
  - Decide on staffing plan - skills needed, manager needed?
  - Build a timeline for getting from ideas on paper to opening
  - Work on a marketing plan to promote this new endeavor!
- Sub-Lease
  - What is their mission/vision - is it compatible with yours?
  - Who will pay for the cafe buildout?
  - How will you determine monthly lease payment?
  - Will there be a separate door for access to the cafe or will customers access from within the bookstore?
  - Chat with stores who have subleased space for a cafe!

Bellissimo Coffee Advisors - consulting, training, videos & handbooks :  
<https://coffeebusiness.com/>

Upserve - Cafe/Restaurant Software - opening checklist  
<https://upserve.com/restaurant-insider/the-ultimate-cafe-opening-checklist/>



# Remainders



Remainders are books that no longer sell in sufficient volume for a publisher to continue promoting them. Publishers sell remaining inventory to book remainders distributors and wholesalers at deep discounts, who then sell them to retailers for as much as 90% off MSRP.

## Remainder Pros:

- Greater margin on books sold
- Inexpensive way to diversify book inventory
- Great source for regional, academic, and large-format books

## Remainder Cons:

- Non-returnable
- Large minimums + freight costs
- Inventory isn't usually restocked - one shot to get titles you want

## Ways to shop for remainders:

- Online
- via Field Sales Reps
- Company Showrooms / Warehouses

## Further reading (via BookWeb.org):

- Bookselling in Tough Times - Remainders
  - <https://www.bookweb.org/news/bookselling-tough-times-remainders>
- Evaluating Your Remainder Buying: Insights From BEA
  - <https://www.bookweb.org/news/evaluating-your-remainder-buying-insights-bea>

## Remainder Companies

American Book Co  
Jefferson City, TN  
[Americanbookco.com](http://Americanbookco.com)

Bargain Books Wholesale  
Grand Rapids, MI  
[Bargainbookswholesale.com](http://Bargainbookswholesale.com)

Book Country Clearing House  
Pittsburgh, PA  
[Bookcountryclearinghouse.com](http://Bookcountryclearinghouse.com)

Bradley's Book Clearance  
Pittsburgh, PA  
[Bradleysbooks.net](http://Bradleysbooks.net)

Great Jones Books  
Pennington, NJ  
<https://www.greatjonesbooks.com/>

Texas Bookman  
<https://www.texasbookman.com>

Book Depot  
<https://www.bookdepot.com/>

Powell's Books Wholesale,  
<https://www.powellsbookswholesale.com/>