



The interior of Muirs Bookshop in Gisborne.

Fighting for independence

After seven dark years fighting off threats from near and afar, the plucky little indie book dealers are opening a new chapter. Martin Craig has the story.

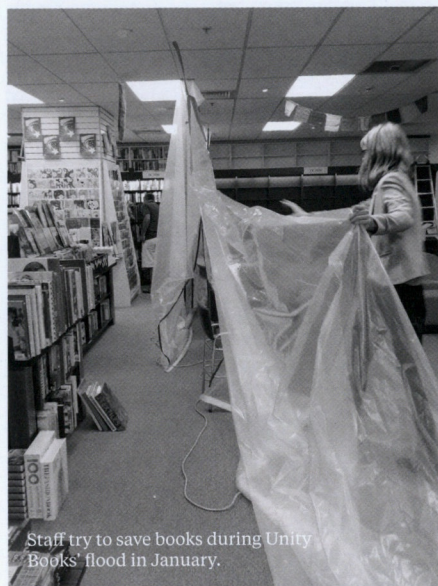
Unity Books Wellington was preparing for another busy lunchtime rush at 11.29 on Thursday 29 January, but all plans were cancelled when a sprinkler pipe broke during a refit in the store upstairs. The water flowed at full volume until the fire service arrived and cut it off. The resulting downpour affected half of Unity Books, including the office area. Two neighbouring retailers were also affected.

Staff immediately closed the shop and rushed to rescue books, fittings and business records. Stock was quickly crammed into the front half of the store, tarpaulins were thrown over displays, and buckets were deployed.

Unity owner Tilly Lloyd was at home on the Kapiti Coast when the deluge hit. She took over responsibility for dealing with the media, freeing her staff to save the store.

Unity Books Wellington was open again in less than four days, and experienced a second flood – this time, it was one of public support. The back half of the store was out of action, but Lloyd says a quick reopening was the first priority. “We’ve all learnt a lot from Christchurch booksellers and retailers. We learnt from their inventiveness and the way they were really clever about reopening as quickly as possible.”

The flooded carpet was still being dried when Unity



Staff try to save books during Unity Books' flood in January.



Unity Books owner Tilly Lloyd.

reopened. "It was like working in a sauna," Lloyd says.

The business experienced strong support from its insurer. Suppliers also worked hard to rush replacement stock for the reopening. The close-knit independent book dealer community was also supportive, and Lloyd says lessons from Christchurch's experience had improved the business's resilience. "We're well insured. It costs a packet but we've all learnt a lot about insurance!"

Her other advice would be to keep copies of business records and files off-site. "Staff saved hundreds and hundreds of books. They also salvaged some of my most important files from a sodden filing cabinet, including the insurance folder."

A NEW CHAPTER

Unity's quick recovery is perhaps symbolic of the indie book sector's recent turnaround.

Since 2008 the sector has been hit by a punishing combination of international competition and a local downturn. The four big threats were our recession, e-books, Amazon, and the strong Kiwi dollar.

As the recession started to bite in 2008, e-books were looming as a new technology threatening

to replace physical books. Book dealers could see what happened to music retailers – as digital MP3s replaced physical CDs, physical retailers in physical shops disappeared from our main streets. Today e-reader sales are falling and e-book sales have levelled off at 20-25 percent of the market.

Indie book dealers say Amazon and the like represented a greater threat, with a massive range, economies of scale and sales-tax-free status. And while the recession reduced local spending and confidence, it also gave New Zealanders a strong dollar and made Amazon's prices

Indies are removing the shopping cart from their websites, preferring to use it to encourage customers into the store.

very tempting.

The result was seven tough trading years, reflected in some very public store closures and an ongoing feeling of reduced confidence in the independent book sector.

The turnaround has been typically independent, with retailers reacting in ways that suit their local community and personal circumstances. The sector has just celebrated its best Christmas and summer for years, and is now showing renewed faith in itself.

"Christmas lights twinkle for booksellers" ran the January headline in BooksellersNZ's newsletter *The Read*. Members reported record-breaking Christmas sales and many had double-digit growth on the previous Christmas. Nielsen data (which excludes Whitcoulls) showed 2014 sales one per cent up on 2013, but Christmas 2014 was 10.5 percent up on 2013. "A strong Christmas saved a so-so year," concluded *The Read*.

Poppies Books spokesman Tony Moores is positive: "The market has seen a turn-around since last September and there has been sales growth across most of the business categories. Most bookstores showed growth on

Christmas and summer 2014 but last year was down on the previous year. It's a reversal, but the market is still down on what it was a few years ago." Poppies operates franchised stores in Kerikeri, Hamilton and Havelock North, and Moores owns the Remuera and New Plymouth stores.

"For the most part the independents have done well. There are fewer of us, there are fewer bookshops overall over the last four or five years, so the pie is being cut among fewer operators which does have some benefits," says Moores.

BooksellersNZ chief executive Lincoln Gould agrees the sector has started to recover. "There are very encouraging signs but it's too early to be absolutely confident in the long term. My view is that turnaround is largely due to increased confidence in the overall economy. Book sales are going up but they're not back to where they were in 2007/08. But certainly, if you were to include online purchasing from offshore, I'm sure the sales figures in total would be much greater. I would hazard to say overall book sales are no worse than they've ever been."

BooksellersNZ has 301 members in March 2015, with 71 being independent. This compares with 395 members (including 79 indies) in March 2013.

There have been some high-profile closures of indie book dealers, typically stores that have been in the same family for several decades. In many cases, the owners have blamed the internet, but Gould believes the reality is more complex. "Retirement is often a big reason. Failing to react to changing circumstances within the trade is another. It's a new world and we have to do things differently."

E-BOOKS AND INTERNET SALES

E-books and e-book readers didn't destroy the sector. Instead, their use has levelled

off and many readers switch between digital and paper at their convenience. Unity Wellington's Tilly Lloyd says e-books are just another part of the mix. "It turned out it was just another format – hardback, trade paperback, paperback and e-book. That's all it was in the end."

Tony Moores says e-books appeal to the most prolific readers. "Fiction is impacted most, because keen fiction readers read a lot and want the latest by their favourite authors. E-books are big in science fiction, fantasy and light romance, which are significant chunks of the market. The reality is that most keen book buyers buy books both electronically and in print formats. The good news is that the number of people who buy books overall has not changed."

Many indies include an e-book option on their website, through a deal struck between BooksellersNZ and e-publisher Kobo. This gives them a cut on the deal, but as Lincoln Gould admits, it's a small cut: "No one's making any money out of it, but it was felt it was a way to support customers."

Independent book dealers are less blasé about the impact of Amazon and other online distributors. While all retailers have to compete with online, booksellers have borne the brunt, and give a pointer to online's longer-term impacts.

Online book dealers have many advantages – shop-at-home convenience, massive economies of scale, and ranges so broad that no store can match them. Indies (and other retailers) can counter these advantages by offering personal service and advice, in-store events, and after-sales support.

But Amazon's lack of sales tax is the most infuriating catch to indies, and they're working with RetailNZ to do something about it.

"The real issue that's facing all the indies and the chains

is online shopping overseas and avoiding GST," Tilly Lloyd says. "That's truly harmful and that's why the RetailNZ and BooksellersNZ is taking political activity to get GST charged on imported books. If GST is charged on imported books – and it will be one day – that will restore 15 percent equity to the street."

BooksellersNZ Lincoln Gould says the associations want to help the government find a "solution to what is an increasing problem for small retailers. It cramps the competitiveness of our stores and makes it that much harder to compete."

Indies like to point out that short-term cost savings can have long-term implications for New Zealand's readers. "I think people are becoming aware that supporting online sellers undermines the viability on bricks and mortar stores," says Peter Rigg, co-owner of Page & Blackmore Booksellers in Nelson. "That is becoming especially evident in the States and UK. People still like to visit a bookshop. There's nothing like the experience of walking in and discovering something you didn't know you wanted. But some people will always think cost is the big thing so we just have to live with that."

Page & Blackmore runs two book clubs for high school and younger readers. While they're learning good reading habits, they are picking up good buying habits too. "The enthusiasm these kids have for reading is great, and they want paper books. Sometimes they buy them from Amazon and we tell them that's not the right thing to do if they want their book club and book shop to survive," Rigg says.

FIGHTING ON THE HOME FRONT

The problems facing independent book dealers are shared by many retailers, including the book chains. So



BooksellersNZ chief executive Lincoln Gould.



The success of a good independent bookshop is the people who come in and find a book that they don't need.

the successful indies are fighting back by becoming even more independent.

BooksellersNZ directly supports its independent members through its Indy Bound marketing package. This includes posters and in-store display materials encouraging people to shop locally.

Most indies are in smaller centres, whether it's a provincial city or one of Auckland's urban villages. As owner-operators, they can match their product range and ambience to suit their local community. Unity Wellington runs regular in-store events, readings and book launches at lunchtimes and

evenings. Page & Blackmore has its book clubs. Gisborne's Muirs Books & Café is strong in local history and Maori books.

Muir's owner Kim Pittar says keeping a unique range is part of Muir's appeal. "We don't go mass market. If I go into The Warehouse and look at the fiction there won't be one thing that I've got on my shelves. For bricks and mortar booksellers to compete, it definitely has to be about atmosphere and customer service and variety. People often come in to browse and they like to be surprised by what they find. To offer that element of surprise we need to have a really eclectic mix."

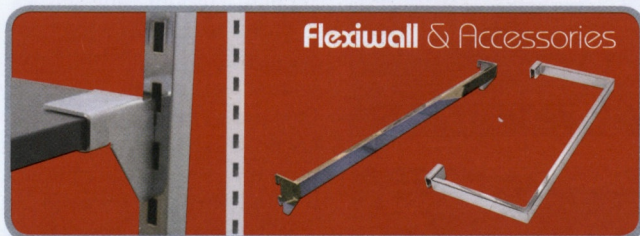
"Poppies owners have complete freedom in choosing stock," Tony Moores says. "I know from buying for Auckland and New Plymouth there are areas that are stronger in one store than the other. That's the advantage over the more homogenised offer of the chains."

Tilly Lloyd says the reaction to Unity's flood demonstrates the love people can feel for a bookstore. "We're aware that our flood is small in the major scheme of things, but it was major to be closed for four days and it was major for our regular customers not to have us for four days. Which really brings you right round to, what's the function of an indie shop in this modern world? The reactions to our flood were personal. So many people responded with care and goodwill and that was the good news in the bad news."

Lloyd believes this loyalty comes from the way people care about a book as more than a physical object. "It's because we're at the intersection between commerce and the intellectual arts. Because there's that commercial arts aspect, there's a greater incidence of people who appreciate a wide range of culture, including popular culture. That's why I think indie book shops have a meaning that a non-indie can't quite achieve."

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Muir's Kim Pittar says the local newspaper is the obvious and effective way to reach local readers. "We regularly use the Gisborne Herald and we get a very good reaction. Our readers all read the newspapers and, because we advertise on the literature page, I get to pick the books for review, and to write some of the reviews too if there's a book I really want people to know about. It keeps us in front of people locally."

All the booksellers NZRetail spoke to run a website, but none see it as a substitute for one-on-one relationship building. "Most bookshops put a lot of energy into to skin on top of the software. That front skin is important because that's the way of showing your personality and presenting your values," says Unity's Tilly Lloyd. "Taking a web order, getting the book, packing it, sorting the courier all takes one person 20 minutes, but people want to shop that way and we have to respond. It produces significant revenue and can also flatten out the peaks and troughs."

Other indies are removing the shopping cart from their website, preferring to use it to encourage customers into the store.

THE NEXT EPISODE

Tilly Lloyd believes succession planning is one of the big issues for indie book dealers. "Indie books feels like a baby boomer industry. The single thing that stops me being optimistic about the future is the lack of 35-year olds in the trade. So many of us are in our 50s, 60s, and 70s. We have heaps of customers in their 30s, so it's not any lack of interest in books. But I don't know that any of my staff are in a position to take a loan and buy a share in the shop."

Kim Pittar bought Muir's four years ago, and believes some of the recent store closures were unnecessary. "If owners had concentrated on selling rather

Indie book shops have a meaning that a non-indie can't quite achieve.

than retiring, they could have had an extra \$200,000."

Other indies are aware of the challenge of a planned succession. Tony Moores says it can be difficult to attract finance to invest in a bookstore. "It takes someone with the desire to own a bookshop and a passion for reading to see that opportunity. It has been perceived as a relatively high-risk business because of all the elements outside that you cannot control."

Page & Blackmore's Peter Rigg says he's "at retirement age" and is working with his current manager to plan the store's next chapter. He believes there's a future for indie book dealers because readers like surprises: "The success of a good independent bookshop is the people who come in and find a book that they don't need. And that needs excellent staff who know the books and are keen readers."

Tony Moores says the sector's future is local. "The major changes in the dynamics of the market place, with Whitcoulls clearly moving away from books and Paper Plus reacting to that, leave independents to strike their own position in their communities. We need to encourage people to shop local - it's use it or lose it, and that applies to so much in retail."

"The biggest strength is the opportunity for book sellers to engage in a conversation with their customers about good books, what they're reading, putting physical books into their hands and really engaging at that one-on-one level with people who are keen readers and keen buyers." **R**