

# Harry Potter and the sale below cost

To combat discounting by the big players, independent booksellers have to develop their own survival skills. **BY NOEL O'HARE**

In the movie *You've Got Mail* Meg Ryan plays the proprietor of a children's bookshop. When a big-chain bookstore opens nearby and starts undercutting her prices, she can only watch as her customers drift away. "The world isn't driven by discounts," she protests.

It's a sentiment that many New Zealand booksellers must have echoed a few weeks ago when Whitcoulls slashed the price of *Harry Potter and the Goblet of Fire* from \$44.95 to \$19.95. The Warehouse quickly followed suit, reducing its discounted price from \$29.95. For small independent booksellers up and down the country who were counting on Harry Potter to give them a boost in the middle of the year, it was a major financial and psychological blow. It emphasised once again just how vulnerable they are in a market dominated by two big players.

"Bestsellers are the bread and butter for most book retailers, but the profit's been cut out of it by the big shots, Whitcoulls and the Warehouse," says David Thorp, owner of McLeod's bookshop in Rotorua.

Like many booksellers, Thorp thinks the level of discounting on the Potter book was absurd and motivated by a desire to grab more market share and drive out the independents. "It's all very well to have free-market competition," he says, "but it just means that the big boys soon get rid of little guys like us, and then start getting into each other. One rises to the top and you end up with one retailer – which is not in anybody's interest."

Bruce Caddy of Dymock's Wellington store is not happy about the situation, either. "It's a concern when things get discounted to a silly extent like Harry Potter," says Caddy. "It's bad for the book industry as a whole. It encourages erroneous perceptions on the part of customers."

The suspicion is that, if Whitcoulls and the Warehouse can sell at a world-record low of \$19.95, then other booksellers must be ripping off customers by charging the full retail price. In fact, small retailers could not buy in the book at that price. Auckland publishing consultant Brian Phillips also questions the "wisdom of discounting one's very best product – particularly as deeply as we have seen in recent times. You never see a winemaker deeply discounting their gold-medal wines."

The Potter episode may be just a taste of what's to come for independent booksellers. Overseas, bookselling conglomerates are locked in a fierce struggle for dominance, squeezing out independents. In Britain, Waterstone's is battling it out for the book-retailing crown with the American chain Borders (who opened a huge store in Auckland last year). In the US, Borders' battle is with heavyweight Barnes & Noble.

More than 1000 small bookstores, unable to compete with the discounting giants, have shut their doors; between 1991 and 1997 the independents' share of book sales declined from 32.5 to 17.2 percent. The American Booksellers Association is not taking it lying down, though. It has sued the big chains, alleging unfair business practices and demanding to see financial records.

It's not the sort of action we're likely to see in New Zealand.

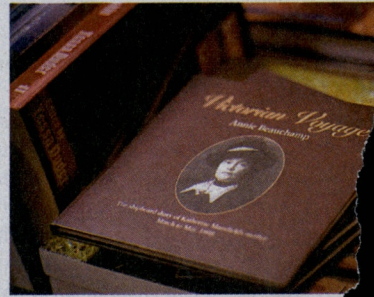
Booksellers New Zealand may represent all the country's booksellers but, says Thorp, it's Whitcoulls-dominated ("They're running the bloody show"). Thorp finds it ironic that his father and others formed the booksellers' association several decades ago to counter the market aggression of Harry Whitcomb, who was opening a chain of shops around the country. "It's gone full circle," he says. (The chain later became Whitcomb & Tombs, then Whitcoulls, which is now owned by the American Blue Star Consumer Retailing Group.)

At Booksellers New Zealand, chief executive Alice Heather is understandably reluctant to comment on whether the discounting by Whitcoulls and the Warehouse is squeezing independents out of the market. "I have to take a neutral position," says Heather. "I can't really comment on one part of the membership versus another. I can't pass judgment on one member as opposed to another."

Given the neutrality of their trade organisation, the independents have had to develop their own survival skills. Thorp saw the writing on the wall when the Commerce Commission allowed – "which they should never have done" – Whitcoulls to buy London Books.

"I put all my energy into mailing lists and specialising in Maori books," he says. "We've also found a niche in floral art books. We've got an international reputation for having the best range of floral art books. We import them from Europe. We don't rely on the likes of Harry Potter or Wilbur Smith for our profit."

In Auckland, Unity Books has faced more than its share of competitors – first Dymock's, then Whitcoulls' Superstore, then Borders (which stocks more than 140,000 books and is open from 9.00am to midnight, seven days a week), but manager Jo McColl is upbeat, saying, "Borders affected us for the first three months while everybody went up and had a







Jo McColl, Unity Books

look”, but then everything bounced back to normal.

Unity countered the competition by concentrating on what McColl says it already did well – “one-to-one customer service, the ability to get books in very quickly without going through a lot of paperwork. We like to think of ourselves as a book delicatessen. Borders is full of books, but that doesn’t mean to say that all books are good books.”

Unity also enjoys good relationships with publishers, says McColl. “Publishers are getting sick of dealing with big bookstores who bully them and push them around.”

**T**he view from the Whitcoulls shop window is quite different: bookselling is a numbers game. “Large-scale retailers like Whitcoulls and the Warehouse rely on price as a major part of their competitive strategy,” says Fran Stanley, chief executive of Blue Star, Whitcoulls’ parent company.

“We buy in bulk and achieve better cost prices as a result. We then pass these on to our customers. Large retailers need high foot traffic to make the economics work and price offers drive traffic. We pay high rents to be in malls and key locations and our information systems have to be exceptional to cope with the logistics involved. To give you an idea, last year we processed 20 million transactions and shipped over 33 million units into our stores.”

The heavy discounting of the *Potter* book was not, says Stanley, an attempt to undermine the independents.

“Our market research strongly suggested that many parents would not be able to afford the \$45 recommended retail price. Second, the Warehouse had been aggressively pursuing the book market. We believe we had to defend our core business. We have done this with a number of adult titles with nothing like the furore caused by *Harry Potter 4*.”

Nor does Stanley accept that it was an attempt, as has

been suggested, to undermine children’s specialist booksellers because Whitcoulls was planning its own children’s bookshop chain. “We do not intend to open our first specialist children’s store until early 2001,” says Stanley. “Obviously there is no link to *Harry Potter 4* pricing.”

Contrary to the claim that local publishers get a raw deal from Whitcoulls, Stanley says the reverse is true.

“Nine percent of our stock are New Zealand books, but only three percent of our sales. Any other category in our business would have been adjusted downwards on these statistics. However, we do believe that, as a major player in the book market, we have some responsibility to support New Zealand publishing. What we do not have is a responsibility to purchase poorly written, overpriced or badly produced titles.

“I suspect that much of the recent comment on our buying is related to the quantity, not the range. Since we installed our new IT system we have been able to manage our stock much more efficiently. The cold hard fact is that New Zealand titles are one of our biggest sources of obsolescence.”

Early next year Whitcoulls as it is now will become obsolescent when it is sold, most probably, to another foreign buyer. Tipped as possible buyers are Borders, Barnes & Noble or the British chain W H Smith. Overseas the trend is towards bigger bookshops that open late and offer a “complete leisure experience” (ie, coffee, music, etc). The independents that survive will be specialists offering expert advice and a sense of exclusiveness.

It’s a future that Jo McColl, for one, appears to have no qualms about. “It’s good having Borders,” she says. “It just brings more people in. They’re stocking an awful lot of books that were never available in the city before, and we can’t possibly stock everything. No, they’re fine.” ■



## Godhead revisited

BY JANE STAFFORD

**BELIEF**, by Stephanie Johnson (Vintage, \$24.95).

Stephanie Johnson is a New Zealand writer whose output is as admirable as it is difficult to characterise. Initially a poet (*The Bleeding Ballerina*, 1987) and a short-story writer (*The Glass Whittler*, 1989, and *All the Tenderness Left in the World*, 1993), she turned to novels with *Crimes of Neglect*, 1992, *The Heart's Wild Surf*, 1996, and *The Whistler*, 1998, which was short-listed for the Montana fiction award. Each novel has begun with a different premise, has explored a different facet of experience, has deployed with skill and confidence a different range of literary techniques. Perhaps the only common factor has been the precision of the writing and the willingness to take risks with the subject matter.

Johnson's latest novel, *Belief*, is her most ambitious work. Set in the late colonial period, it is the story of William, the son of a wealthy but dysfunctional Auckland family, driven from the comfortable, conventional existence they envisage for him, to make his own way in the world. His marriage to Myra, shy, orphaned and intense, and their attempt to wrestle a living from the newly cleared landscape, is derailed when William – a pragmatic, taciturn, rather alcoholic man – has a visionary experience of God. His subsequent attempts to find some kind of external frame to this epiphany take him, his wife and their ever-increasing family on a journey across the world that is as unsatisfying as it is heartbreaking.

We never know, and are not, I think, invited to speculate on the status of William's experience. Instead the novel sets



Stephanie Johnson: visionary experience.

it in two contexts: the first is that of William's psychology, his family background and its alienating, damaging consequences. Belief of any kind, especially that of affirmation, has obvious attractions. But paradoxically his conversion alienates him from his own family. Truth and righteousness are seen as rigid and hostile to the kind of humanity his own childhood lacked. Nor does the love of God and the intensity of his commitment temper his violence, especially towards

Myra, and his periodic drunkenness.

The second context in which Johnson sets William's epiphany is broader and more historically based. The second half of the 19th century was a period in which the conventional forms of Christian observance seemed stale and unsatisfying to many. Myra, remembering her childhood as the lonely daughter of a tired and taciturn Anglican minister in the Australian outback without a congregation, is typical of such disaffection.

## Nature is God's cat

BY KATE CAMP

**THE MAN WHO INVENTED THE TWENTIETH CENTURY**, by Robert Lomas (Headline, \$24.95).

Forget Edison, Marconi and Westinghouse. This is the story of the 20th-century's unsung scientific hero, Serbian-American Nikola Tesla (1856-1943), a brilliant man whose inventions and discoveries are integral to – among other things – electricity, television and the Star Wars defence programme.

Of course, not all Tesla's ideas took off. Mark Twain makes a startling cameo appearance in the story when he loses control of his bowels after staying too long on Tesla's vibrating platform for the mechanical relief of constipation.

Many details of Tesla's life are bizarre: he used 18 clean towels a day and, as a child, "was bitten on his bare stomach by a raging gander". At various times of his life he claimed that chewing gum was more dangerous than rum, that he had worked out how to shake the world to pieces, and that his heart had migrated from one side of his chest to the other.

Metaphorically, however, there is no doubt that Tesla's heart was in the right place. He fell out with Edison and Westinghouse because of his idealism and commercial naivete. Electricity – indeed, all knowledge – was to him a public good, not a private commodity. This was a rare view during the madly competitive "Current Wars" of the time, when publicity stunts included showgirls with lit-up costumes and a disastrous execution on "Old Sparkey", the first electric chair.

Although not a businessman, Tesla did become a showman. In a black top hat and six-inch rubber platform boots



closure. Though inner rage still makes him pass out at the wheel and drive off the road.

Not that introspection has made him any less lethal. "How many more people have to die for your personal growth?" snarls Dr Melfi. Dr Melfi, Tony's best shot at a nurturing surrogate mother, is trying to reject him, too, unable to appreciate his touching efforts to stop her getting whacked for her poor choice in clients. He tries another shrink, which gives the writers a chance to address the resemblance of *The Sopranos'* opening premise to a certain Mob movie. "I saw *Analyze This*," the new guy tells Tony. "I don't need the ramifications that can arise from treating someone like you." You have to admire the cheek. (That movie happened to be on television recently. No contest which is best, though Billy Crystal is very funny — "Bada boom, bada bing, Betty Boop!" — as an accidental Mafioso.)

You have to admire, too, the care with which the series is put together. The way Tony's home is always immaculate and brightly sunlit, the pool vacuum eternally busy keeping the dirt at bay. Whereas his various workplaces exist in grimy, subterranean shade.

This time around, it's clearer why you can still somehow like this guy. Despite the day job, he can represent just about anything. He's the 21st-century male, trying to define his role. He's the dark face of the capitalist American Dream. Watch *The West Wing*, with the President ordering rocket attacks on countries that have stepped out of line, worrying about the safety of his family, trying to keep control of ... everything, and you can see a certain "family" resemblance.

Not that women get off lightly in *The Sopranos*. Even in the most patriarchal of worlds, women have always found ways to wield power and it often isn't pretty. "My father used to run his own crew," said Tony in series one, musing on Livia's outstanding ball-breaking abilities. "He was a squeaking little gerbil when he died."

I even have my doubts about super Mob wife Carmela. Is she the long-suffering consort she seems? Who knows, she may turn out to be Lady Macbeth, the cold-blooded power behind the throne. In other words, a Livia in the making. Will Tony, too, be squeaking like a gerbil before he's done?

Love, lies, betrayal and bloody power struggles — here is everything that has made the "family as cornerstone of society" a problematic idea. *The Sopranos* has managed to resuscitate a worn-out genre by being about much more than the Mob. ■

RADIO BIANCA ZANDER

## Greatest of ease

Waking up is hard to do. Easy listening will ease the pain. Or so they say. What is it anyway? "What's easy listening?" squeaks Kerry Smith, reading my thoughts, halfway through the i98FM *Most Music Breakfast* show. "It's not too hard ... and not too soft." It's both, apparently. Who does she have in mind? "Celine Dion, Rod Stewart, the Corrs. It helps you relax and unwind. That's why it's called easy listening." But ... *the Corrs. Celine Dion. Rod*. That stuff is not easy to listen to.

"You're with New Zealand's one and only easy listening i," says Mark Leishman, reassuringly. Get back into bed and relax, says the ad. Take it easy.

This sounds fun. A game: Men Are from Mars, Women Are from Venus. Like the book.

Mark: "Liz. Who won the US Indie Lights series yesterday?"

"No idea," says Liz.

"Scott Dixon," says Mark.

"Don't worry," says Kerry, "I wouldn't



KERRY SMITH

have got that one, either."

"Rob. What's a Harvey Wallbanger?"

Rob says it's a cocktail. Kerry says she knows it's a cocktail but what's in it? "Galliano," says Rob. "And that yellow stuff. Lemonade. Vodka. Tomato juice."

"No, no, no," says Kerry. "Oh Rob, you're getting worse."

Rob doesn't think he is. Kerry tells him off for trying to run things. Rob won't listen. Kerry has to have the last word. Geddit? Men are from Mars, women are from Venus.

"I said I-y-y I-y-y wanna faaaaal from the staaars, straight into your arms." Settle down Mr Hucknall. Not quite ready for your treacly pipes, thank you. Hang on, Simply Red. That's a bit ... *Love Songs 'til Midnight*, isn't it?

No. "You're with New Zealand's one and only easy listening i, *Most Music Breakfast*," says Mark, playing a couple of songs from the *Dirty Dancing* soundtrack of 1987. It's still on high-rotate at i98. You know, "Huuun-gry Eyes". "I've Had ... the Time of My Life".

Kerry and Mark like to talk about what was on the telly the night before. Like that TV1 doco about the downside of being famous in New Zealand. Mark thought everyone on it was very honest. Especially about how they haven't made much money out of it, "which is typical in this industry", he says ...

A song. "Take a look at me now. There's just an empty space. There's nothing left here to remind me, just the memory of your face." You know this. Go on, sing along. Relax. "How can you just walk away from me? And not turn around and see me cry. You're the only one who really knew me at all." Phil Collins. 1984.

"You're with New Zealand's one and only easy listening i," says Mark.



MARK LEISHMAN

There are other games. Like the one where a punter rings up and has to guess how much money Mark is counting with his fingers. Mark shuffles the paper against the mike, \$10 notes this time. "I didn't hear a thing," says the caller, disingenuously. Mark shuffles again. "18?"

"No, sorry," says Kerry. "It was \$150."

Bummer. How about a love song to ease the pain? "Hooked on a feeling. Yeah, I'm high on believing ... that you're in love with me ..." Except it's not the one from *Reservoir Dogs*, but Vonda Shepherd, which is probably off the *Ally McBeal* soundtrack. The original version is way too zippy.

"You're with New Zealand's one and only easy listening i, *Most Music Breakfast*," says Mark. No kidding, says I. ■