

Claremont Colleges

Scholarship @ Claremont

CGU Theses & Dissertations

CGU Student Scholarship

Fall 2022

California Bookstores: Passion and Profit

Scout Jaech

Claremont Graduate University

Follow this and additional works at: https://scholarship.claremont.edu/cgu_etd

Recommended Citation

Jaech, Scout. (2022). *California Bookstores: Passion and Profit*. CGU Theses & Dissertations, 442. https://scholarship.claremont.edu/cgu_etd/442.

This Open Access Master's Thesis is brought to you for free and open access by the CGU Student Scholarship at Scholarship @ Claremont. It has been accepted for inclusion in CGU Theses & Dissertations by an authorized administrator of Scholarship @ Claremont. For more information, please contact scholarship@cuc.claremont.edu.

California Bookstores: Passion and Profit

by
Scout Jaech

Presented to the Graduate Faculty of Claremont Graduate University in partial fulfillment of the requirements for the degree of Master of Arts in Arts Management.

We certify that we have read this document and approve it as adequate in scope and quality for the degree of Master of Arts.

Faculty Advisor, Bronwyn Mauldin
Claremont Graduate University
Adjunct Professor of Arts Administration
Los Angeles Department of Arts and Culture
Director of Research and Evaluation

Faculty Reader, Jay Prag
Claremont Graduate University
Professor of Economics

Table of Contents

Introduction.....	4
Literature Review.....	6
Methods.....	14
Findings	18
Conclusion	33
Appendix.....	35
Bibliography	36

Introduction

For the true believer in literary storytelling, nothing is as satisfying as finding a new favorite book. For the independent bookseller, satisfaction can come through facilitating such new discoveries. Independent bookselling in America has an extensive history rich in the promotion of idealism, original thought, uncensored speech, and locations for discourse. Despite years of lament over the decline of books, bookstores, and reading, thousands of independent booksellers make their living at bookstores across California. To compete with online retailers providing book buying options at reduced prices, independent bookstores bring value to their customer base by functioning as more than a place to purchase books. Solid independent bookstores offer readers the ability to discover books that meet their reading needs, whether to relax and unwind or to challenge themselves with new ideas. Ties between reader and bookseller are deep, and the logistics complex. Booksellers must navigate paying rents in expensive neighborhoods, narrow profit margins, and readers' expectations that they provide intellectual, spiritual, emotional, or other kinds of support through their trade.

For many booksellers, 2022 represents the return to brick-and-mortar stores after two years of full or partial closures. Bookstores and other independent, small, or local shops that have historically relied upon in-person sales are re-engaging with their customers and returning to previously successful methods.

The practices involved in buying and selling books are complex and involve an entire specialized industry of actors. Readers use many channels to discover and ultimately purchase literature. This study explores the perspective of booksellers within the larger system. While the

data collected represents only a small segment of bookselling and a small sample within independent bookstores, it provides insights into the ways booksellers align and differ in their thoughts and practices.

Literature Review

What Makes an Independent Bookstore?

After decades of relative stability or growth of independent bookstores in the United States, the 1990s saw a period of decline and closure, with the share of books sold in independent stores falling from a high of ~60 percent in the 1970s to 17 percent in 1997.¹ Between the end of the 1990s and 2007, independent bookstores continued to slowly decline, but following the end of the 2007-2009 Great Recession to 2018, the US saw an almost 50 percent growth in the number of independently owned brick-and-mortar bookstores (commonly referred to as “indies” or independent bookstores), accompanied by growth in book sales.² The national nonprofit trade organization that supports independent bookstores, the American Booksellers Association (ABA), has developed systems to support booksellers, based on the understanding that most booksellers function in the simultaneous roles of cultural institutions and businesses.³ With their open and easy access, opportunities for intimacy, community, and exchange of thoughts and ideals, many bookstores by their very nature exist as what Ray Oldenburg termed “third places,” a necessary facet of human experience beyond the confines of home and work.⁴

Further complicating the purpose of bookstores, Baidis et al point out that in many cases “individuals go into bookselling because they love reading and talking about books.”⁵ This

¹Joshua Clark Davis, *From Head Shops to Whole Foods* (New York, Columbia University Press, 2017), 85

² Samaher Baidis, Albert N. Greco, Michael D. Kontolios, Molly McCullen, Nan Rittenhouse, Robert M. Wharton, “Creating Competitive Advantage: The Growth of Independent Bookstores in the U.S. 2009–2018” *Publishing Research Quarterly* (2019): 670, <https://doi.org/10.1007/s12109-019-09678-0>

³ Baidis, Greco, Kontolios, McCullen, Rittenhouse, Wharton, “Creating Competitive Advantage,” 675.

⁴ Ray Oldenburg, *The Great Good Place: Cafés, Coffee Shops, Bookstores, Bars, Hair Salons and Other Hangouts at the Heart of a Community*. (Da Capo Press, 1999), 41.

⁵ Baidis, Greco, Kontolios, McCullen, Rittenhouse, Wharton, “Creating Competitive Advantage,” 679.

understanding of booksellers as retailers with goals other than profit maximization places them in a category of retailer Brian T. McCann and Govert Vroom describe as having increased difficulty of decision making and decreased devotion to financial objectives.⁶ Bookstores also fall into a category of what are called “closely held businesses,” those with five or fewer owners. These types of businesses have been found to be less responsive to economic signals and exhibit differences in competitive behaviors.⁷ They explain the performance of such businesses as tied to understanding their larger objectives.⁸ Bookstores serving specific communities are often tied to other objectives. For example, Black or African American bookstores served as a haven of Black thought and expression in the 1960s and 70s, but faced significant decline after the early 1990s as owners moved further from thinking of their stores as a form of social work or community development and closer to thinking of them as money making businesses.⁹ Feminist bookstores experienced a similar decline.¹⁰ In contrast, Mary Gay Shipley, longtime owner of That Bookstore in Blytheville (Arkansas) says that to survive as a bookseller one must move beyond thinking of selling as a hobby and into thinking of it as work.¹¹ As bookstores find their footing in a world dominated by ultra-fast, profit driven businesses, the ABA believes in a balanced

⁶ Brian T. McCann, Govert Vroom, “Competitive Behavior and Nonfinancial Objectives: Entry, Exit, and Pricing Decisions in Closely Held Firms,” *Organization Science*, (2014): 970, <https://doi.org/10.1287/orsc.2013.0859>

⁷ McCann, Vroom, “Competitive Behavior and Nonfinancial Objectives,” 987.

⁸ McCann, Vroom, “Competitive Behavior and Nonfinancial Objectives,” 986.

⁹ Davis, *From Head Shops to Whole Foods*, 223.

¹⁰ Davis, *From Head Shops to Whole Foods*, 224.

¹¹ Melodie Jordan Philhours, Amy Kurck Alberson, Catherine Naylor, “That Book Store in Blytheville”, *Marketing Education Review*, (2011): 300, <https://doi.org/10.2753/MER1052-8008210308>

business model where financial literacy is required but bookstores themselves have a “nurturing, almost spiritual, sense.”¹²

Recent Challenges to Independent Bookselling

In recent history independent booksellers have faced significant challenges to their industry, ranging from new competitors on the playing field to the emergence of eBooks.¹³ Significant store closures occurred as a result of each, although through each challenge, independent bookstores as a whole have emerged intact and with increased importance.¹⁴ The first challenge, a story widely popularized by the romantic comedy film *You’ve Got Mail*, is the battle between single location stores and big box book chains. These box chains emerged in the late 1970s and peaked in the mid to late 1990s. By 1981 Waldenbooks became the first national bookstore chain to have outlets in all 50 states.¹⁵ Walden and other bookstore chains specialized in offering their customers familiar, comfortable locations and discount prices.¹⁶

The second modern threat to independent bookstores began on July 5, 1994, when Jeff Bezos launched a new website designed to sell books, Amazon.com.¹⁷ Although Amazon intended from the beginning to offer books en masse at extremely discounted prices, the relative newness of the internet meant that in 1997 the site was still described as an independent Seattle

¹² Laura J. Miller, *Reluctant Capitalists: Bookselling and the Culture of Consumption* (Chicago and London, The University of Chicago Press, 2006), 162.

¹³ Baidis, Greco, Kontolios, McCullen, Rittenhouse, Wharton, “Creating Competitive Advantage,” 672.

¹⁴ Raffaelli, Ryan L. “Reinventing Retail: The Novel Resurgence of Independent Bookstores.” *Harvard Kennedy School*, January 2020, <https://www.hks.harvard.edu/centers/mrcbg/programs/growthpolicy/reinventing-retail-novel-resurgence-independent-bookstores>, 8.

¹⁵ Miller, *Reluctant Capitalists*, 65.

¹⁶ Baidis, Greco, Kontolios, McCullen, Rittenhouse, Wharton, “Creating Competitive Advantage,” 671.

¹⁷ Baidis, Greco, Kontolios, McCullen, Rittenhouse, Wharton, “Creating Competitive Advantage,” 671.

bookstore.¹⁸ The U.S. Department of Commerce started measuring internet sales of books in the 4th quarter of 1999, at which time the online selling sites had achieved less than one percent of market share. By the 4th quarter of 2018, this market share had grown to 11.2 percent.¹⁹ Between 1999 and 2018 practices such as showrooming, where customers take pictures of books in bookstores then purchase them online appeared, had impact on bookstore revenues and impressed upon booksellers the need to address the internet market.²⁰

Early analysis suggests that while COVID-19 required many bookstores to close their brick-and-mortar locations, the impact of the pandemic and closures on reading and book sales may have been positive. Overall, print book sales in the US grew 11 percent from 2020 to 2021, when total print volume was the highest since data tracking began in 2004.²¹ Digital book borrowing from libraries “reached record highs” in 2020.²² Independent booksellers also saw significant increases in sales after the beginning of the pandemic, with 2021 e-commerce traffic and sales seeing a more than 100 percent increase compared to 2019.²³ In 2022, with in-person traffic returning in greater volumes, e-commerce has dropped from the 2021 peak levels, but it has not fallen back to the pre-pandemic sales.²⁴ It is also clear that the brick-and-mortar nature of

¹⁸ Ruth, Van Dyke. "Bookstores in Seattle: Independent, Unique, and Virtual." *Information Outlook* 1, no. 3 (03, 1997): 8-9. <http://ccl.idm.oclc.org/login?url=https://www.proquest.com/trade-journals/bookstores-seattle-independent-unique-virtual/docview/197385133/se-2>.

¹⁹ Baidis, Greco, Kontolios, McCullen, Rittenhouse, Wharton, "Creating Competitive Advantage," 673.

²⁰ Raffaelli, "Reinventing Retail," 7.

²¹ Porter Anderson, "NPD BookScan: US 2021 Market Unit Volume Up 9 Percent" *Publishing Perspectives*, January 10, 2022, <https://publishingperspectives.com/2022/01/npd-bookscan-american-market-unit-volume-up-9-percent-in-2021-covid19/>

²² "2021 State of America's Libraries Special Report: Covid-19," April 25, 2021, <https://www.ala.org/news/sites/ala.org.news/files/content/State-of-Americas-Libraries-Report-2021.pdf>

²³ "E-commerce Update: Comparing 2021 Weekly Sales and Traffic Online to 2019," American Booksellers Association, April 14, 2021, <https://www.bookweb.org/news/e-commerce-update-comparing-2021-weekly-sales-and-traffic-online-2019-1625608>

²⁴ Phil Davies, "Current & Projected Online Holiday Shopping Sales Trends For 2022," *American Booksellers Association*, November 22, 2022, <https://www.bookweb.org/news/current-projected-online-holiday-shopping-sales-trends-2022-1628964>

independent bookselling meant country-wide shutdowns and aversion to in-person sales led to serious hits in profits in both 2020 and 2021.²⁵ Bookstores were forced to pivot to alternative customer browsing and purchasing techniques, from curbside pickup to increased online presence.²⁶ Whether pandemic era changes in reading and book-buying are sustained long term, and what that means for independent booksellers, remains to be seen.

Throughout the history of independent bookselling, there is one challenge that remains consistent. Unlike most retail industries, where the retailer is able to specify the cost of the product they sell, booksellers are constrained by the price the publisher sets for the book.²⁷ Such a constraint effectively leads to an industry wide cap on brick-and-mortar profit margin. The ABA targets 2 percent net profit as a high goal for combined online and brick-and-mortar sales.²⁸ By comparison, one NYU study found brick-and-mortar retail stores average 2.65 percent net profit, and internet retail has net profit margins of more than 7.6 percent.²⁹ A “healthy” net profit margin for small businesses is considered to be in the range of 7 to 10 percent.³⁰

What is Merchandising?

²⁵ Cliff Guren, Thad McIllroy, and Steven Sieck, “COVID-19 and Book Publishing: Impacts and Insights for 2021” *Publishing Research Quarterly* (2021): 3-4, <https://doi-org.ccl.idm.oclc.org/10.1007/s12109-021-09791-z>

²⁶ Ed Nawotka, “Booksellers in Covid-19 Hotspots Exercise Caution” *Publishers Weekly* (July 2020): <https://www.publishersweekly.com/pw/by-topic/industry-news/bookselling/article/83749-booksellers-in-covid-19-hotspots-exercise-caution.html>

²⁷ Leonard Shatzkin, “Selecting the retail price: Some comments on an unavoidable decision” *Publishing Research Quarterly* (1997): 106, <https://doi-org.ccl.idm.oclc.org/10.1007/s12109-997-0002-3>

²⁸ “The 2% Solution: Moving Your Bookstore Out of the Red,” American Booksellers Association, June 17, 2004, <https://www.bookweb.org/news/2-solution-moving-your-bookstore-out-red>

²⁹ “Margins by Sector,” New York University, last modified January 2022, https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/margin.html

³⁰ Tim Parker, “What’s a Good Profit Margin for a New Business,” Investopedia, last modified October 30, 2022, <https://www.investopedia.com/articles/personal-finance/093015/whats-good-profit-margin-new-business.asp>.

Merchandising is the process of presenting retail goods for sale to customers: it includes a variety of sub-processes such as marketing, designing displays, and valuing product.³¹ One such subset, visual merchandising, is the practice of displaying product in retail spaces: in bookstores some aspects of merchandising include buying, adding “shelf-talkers” (bookseller descriptions of what makes a book interesting), front facing books, and themed displays.³² In the world of profit-driven retail, demonstrating similarity between consumer identity and retailer identity is key to achieving sales.³³ Independent bookstores use a variety of merchandising techniques that readers may be familiar with, such as e-mail blasts, website design, programming events around books, genres, or authors, and staff picks.³⁴ Merchandise and merchandising, which keep up with the quickly changing pace of retail and offer opportunities for creativity, innovation, and conveyance of brand and storytelling, function as an obvious arena for matching consumer and retailer identities.³⁵ Studies even hint at the power of merchandising strategies such as encouraging buy local movements to align with non-financial goals.³⁶ Merchandising played a key role in the both the challenges created by independent bookstores and big box chains and the challenges created by the emergence of Amazon. In the 1990s battle with the big box stores, indies countered the pleasant but generalized shopping experience of chain stores with a personalized and unique

³¹ Adam Hayes, “Merchandising: How Companies Entice Customers To Spend,” *Investopedia*, November 19, 2022, <https://www.investopedia.com/terms/m/merchandising.asp>

³² Raffaelli, “Reinventing Retail,” 14.

³³ Anne L. Roggeveen, Dhruv Grewal, John Karsberg, Stephanie M. Noble, Jens Nordfält, Vanessa M. Patrick, Elisa Schweiger, Gonca Soysal, Annemarie Dillard, Nora Cooper, Richard Olson, “Forging meaningful consumer-brand relationships through creative merchandise offerings and innovative merchandising strategies” *Journal of Retailing* (2021): 81, <https://doi.org/10.1016/j.jretai.2020.11.006>

³⁴ Oren Teicher, “Booksellers and Change,” *Publishing Research Quarterly* number 29 (April 2013): 130.

³⁵ Roggeveen, Grewal, Karsberg, Noble, Nordfält, Patrick, Schweiger, Soysal, Dillard, Cooper, Olson, “Forging meaningful consumer-brand relationships,” 82.

³⁶ Baidis, Greco, Kontolios, McCullen, Rittenhouse, Wharton, “Creating Competitive Advantage,” 678.

locally based practice.³⁷ As Miller explains, both independent stores and chains used merchandising strategies in an attempt to offer their consumer the right to freely choose goods “without interference from cultural elites,” but the intent behind their strategies varied, and so did outcomes.³⁸ Large chains valued the opinions of their customers in aggregate, and thus buying and displaying books in was often the result of technologically assisted data gathering or publisher paid product placements, whereas independent stores sought to understand narrower needs and therefore relied on the knowledge and judgement of individual booksellers.³⁹

Competitive strategies originally designed to help independent booksellers compete against large chains such as Waldenbooks declined in relevance over time, and by 2019 the only remaining national chain store was Barnes & Noble.⁴⁰ In the era of chain bookstore dominance, small numbers of centralized buyers held significant power amongst publishers, who in turn held significant power over what books are available for bookstores and readers to purchase.⁴¹ While small booksellers initially rallied against this power, independent bookstores now see Barnes & Noble as an important ally counterbalancing the lobbying power of Amazon with publishers.⁴²

To oppose the Amazon juggernaut, independent booksellers returned once more to their roots as third places. Curation, interpretation, and cultivating community identity found success against the algorithms.⁴³ Displays and inventory that spoke to the needs and desires of small

³⁷ Miller, *Reluctant Capitalists*, 75.

³⁸ Miller, *Reluctant Capitalists*, 79.

³⁹ Miller, *Reluctant Capitalists*, 81.

⁴⁰ Baidis, Greco, Kontolios, McCullen, Rittenhouse, Wharton, “Creating Competitive Advantage,” 680.

⁴¹ Miller, *Reluctant Capitalists*, 95-109.

⁴² Raffaelli, “Reinventing Retail,” 7.

⁴³ Raffaelli, “Reinventing Retail,” 13.

local clusters of readers sparked interest and appeal for bookstores.⁴⁴ As indies leaned into their skillsets and focused on the local through events and merchandising, they in turn saw a resurgence in their ability to survive and balance with big box stores and internet discount sites.⁴⁵

In the context of the bookstore ecosystem, the challenges faced by how it has evolved in recent years, and the impact of the pandemic, this study set out to answer two important questions:

- How do booksellers use merchandizing to balance passion and profit?
- What other resources do booksellers use to achieve their desired balance?

⁴⁴ Baidis, Greco, Kontolios, McCullen, Rittenhouse, Wharton, "Creating Competitive Advantage," 678.

⁴⁵ Raffaelli, "Reinventing Retail," 19-20.

Methods

This study used a qualitative approach to gather insights from professional booksellers working in independent bookstores. Everyone interviewed was working full time in a bookstore or group of bookstores, with official titles including bookstore owner, manager, or buyer. In addition to their work in the bookstores, one interviewee mentioned their work as an editor, and multiple interviewees had experience in other similar industry roles. Figure 1 shows the breakdown of current titles and roles interviewees identified that they fulfilled in their store.

Figure 1

Name	Bookstore	Title	Other Roles
George Seamer	Books Inc (city)	Director of Operations and HR	Previously Manager
Katie Orphan	Chevalier's Books	General Manager	Buyer
James Fugate	Eso Won Books	Co-Owner	Buyer, Accountant
Eileen McCormick	Green Apple Books	Store Manager	
Leigh Odum	Leigh's Favorite Books	Manager	Owner, Buyer
Mary Williams	Skylight Books	General Manager	
Jean-Paul Garnier	Space Cowboy Books	Owner	Buyer, Events Coordinator, Accountant, Marketer
Camden Avery	The Booksmith	Co-Owner	Buyer and Manager
Bridget Schinnerer	Vroman's	Store Manager	

I sought to understand how this group of owners, buyers, and managers view the interaction of capitalistic goals (profit) and other ideals (passion). I also wanted to learn how differences in role may be associated with differences in how they view financial success and non-financial store values.

The priority in selecting interviewees was choosing bookstores that function in their communities as third spaces. Bookstores with other aims such as college bookstores, Christian or other faith-affiliated bookstores, museum bookshops, and children’s bookstores were excluded. In order to be considered a third space the bookstore must be regularly accessible, so each bookstore interviewed posts and maintains regular hours, although not every bookstore interviewed is open daily. Research into the types of bookstores excluded from this study is recommended to gain a more full understanding of differences in financial goals, non-financial goals, and merchandizing strategies.

Representatives from nine different bookstores throughout the state of California were interviewed. One bookstore interviewed operates eleven locations, and one operates four locations, each in their respective regions. Figure 2 shows the locations of the stores:

Figure 2

Bookstore	Location	Number of Locations
Books Inc	Palo Alto, CA	11
Chevalier’s Books	Los Angeles, CA	1
Eso Won Books	Los Angeles, CA	1
Green Apple Books	San Francisco, CA	3
Leigh’s Favorite Books	Sunnyvale, CA	1
Skylight Books	Los Angeles, CA	1
Space Cowboy Books	Joshua Tree, CA	1
The Booksmith	San Francisco, CA	1
Vroman’s	Pasadena, CA	4

All other bookstores currently operate out of only one location. The stores represent a variety of specified communities served, physical size of store, volume of sales, profitability of store, and length of time spent in the community. Stores were asked to self-identify the communities they served, Figure 3 shows a summary of their responses:

Figure 3

Bookstore	Specialty
Books Inc	Neighborhood: Bay Area
Chevalier's Books	Neighborhood: Larchmont Village
Eso Won Books	LA Black community, open to everybody
Green Apple Books	Neighborhood: Richmond
Leigh's Favorite Books	Neighborhood: Sunnyvale
Skylight Books	Neighborhood: East Side LA
Space Cowboy Books	Independent authors and publishers of the Science Fiction world
The Booksmith	Neighborhood: Haight Ashbury
Vroman's	Everybody

Similarly, the owners and employees interviewed represent a range of length of time working both in their stores and in the bookselling industry. Time working in the industry ranged from five to forty-two years, and time in the specific stores from two to thirty-five years. All of the professionals interviewed have a deep understanding of what is entailed in managing a financially profitable bookstore, from handling staffing issues to running events and buying and displaying merchandise. Each individual reported experiencing the challenges of maintaining inventory for an independent bookstore. Individual semi-structured interviews were conducted via Skype or in person and lasted 50 minutes on average. All interviews except one were recorded with participant consent and typed transcripts were used for analysis. One interview was not recorded because it occurred in a place where customers could have been

recorded inadvertently; detailed notes were taken and used for analysis. A common interview protocol was utilized for each interviewee. The interview protocol can be located in the Appendix.

Findings

All of the booksellers interviewed spoke about merchandizing as a tool that promotes profit and engages their passions. They consistently said that curating the selection of books that appears in their store for customers is a key aspect of selling. Their opinions varied as to whether or not conflict between financial and non-financial goals occurred in the merchandising space. Some, but not all, expressed concern about acting as a censor in their community.

Generally, booksellers confirmed that values other than increasing profit were important in their decisions. Some of these values did relate to financial stability. In addition to finding stability, interviewees spoke of a variety of tools they used when they faced financial hardships.

They articulated two factors that serve as critical points in the balance between passion and profit. First, fixed profit margins are a limiting factor in the ability of bookstores to focus on the services both they and their customers want. Second, passion or idealism and profit interact in an unexpected way: the ideals of most booksellers include a desire to not grow beyond a certain level.

Five themes emerged as related to the research questions. These themes are discussed in greater detail below.

Theme One: Booksellers accept a trade off between love for their work and financial success, and do not believe that growth is a pathway to greater financial success.

When discussing where their passions lie, all nine booksellers mentioned that they loved the community surrounding books. Five of the interviewees said explicitly that no one is in book

sales for the money. Camden Avery, a co-owner of *The Booksmith* in San Francisco, said “We exist in a culture where it's sort of expected that we'll be happy getting paid less because we like what we do.” According to the interviewees, there is much to like about participating in their industry. For Katie Orphan of LA's *Chevalier's Books*, playing the role of host to a third space comes down to being seen and wanting others to be seen. For three of the interviewees, the highlight of working in bookselling was identified as making a connection and building relationships with customers over shared love of a book or author. George Seamer, the Director of Operations and HR for the Bay Area's *Books Inc*, a store with 11 current locations, summarized the value that independent bookstores try to offer, articulating his passion for running a bookstore:

“Being a part of the community, an active part of the community, and providing a space to the community where they can come and discover new books and new ideas and share their own thoughts and ideas, being able to promote literacy in communities, particularly communities that may be underserved, and being able to offer different programming to the communities that our bookstores are in. And then really just being but a place of discovery; a place where somebody can come in and get an experience that they really can't get anywhere else. ...I think what independent bookstores can provide and what has really changed in the last 15 or 20 years and refocused independent bookstores, is highlighting ... the level of customer service and experienced booksellers in our stores. When people come in [I] can recommend things you may not have heard of, can have that personal connection with people that they wouldn't get at

Amazon. It's not just a place to buy books, but a place to come and talk to other book lovers. A place to come hear an author that you love, a place to just come peruse the shelves.”

While all interviewees generally agreed on the value independent bookstores provide to readers and the lack of opportunity for financial gain of booksellers, they also shared a reluctance to capitalize on the value of the third space. Eight of the booksellers ended their comments on the topic with statements along the lines of disagreeing with the “bigger is better” mindset. Avery expanded on why he believes booksellers hold this tenant so tightly:

“One organic reason is that independent bookstores are community bookstores and the ones that are successful are successful by virtue of and through the communities that they exist in that support them. And I think that ...the size bookstore that our community can sustain healthily is sort of baked in to where you are. ... Ultimately, it's not clear to me that scaling your volume up actually translates to bigger profits, ...You can't fuck around with the economy of scale or productivity or anything like that in a way that's going to move the needle.”

Because of this, and due to a romanticism that he finds inherent in the industry, Avery prefers to focus on having a space where he and his staff get to be themselves and meaningfully do what they want to do, rather than become a bigger player in the industry.

Theme Two: Four core values other than pursuit of profit are of significant importance to booksellers.

The interviews confirmed that booksellers often prioritize values other than maximizing store revenue. Four core values were mentioned by multiple stores. The first, mentioned by five of the nine stores, is a responsibility to the employees of the store. Owners and managers want to build bookstores that have longevity and create good jobs. Bridget Schinnerer, who manages one of the four branches of the 128-year-old *Vroman's Bookstore* in Pasadena, said the most important thing to her is that the store “can’t go down on my watch.” Eileen McCormick at one of three San Francisco *Green Apple Books* locations agrees:

“What makes us successful is being able to have the store and pay our employees a living wage and give them the right things like health care. And beyond that, we want the store to make money, but no one’s in it for the money, so if we can turn a profit, we want to give that back to the employees. A lot of it is making sure that we can just stay around and that we can retain good employees that can make this their life.”

The second core value stores agreed on is supporting the larger book and reading community. Many booksellers reported that they spent significant time on tasks not related to selling books purely because they believed those tasks were what made their stores into more than just a local retail space. Five booksellers mentioned bookselling as a supportive community, with two pointing out how rare that is in retail industries. For Jean-Paul Garnier of Joshua Tree’s *Space Cowboy Books*, being a bookseller has turned him into a mentor, an editor, a producer, and more. Discussing taking on extra work for a science fiction website and starting the store’s writing scholarship program, he said:

“The reason I did that even though it was kind of a crazy move and I didn't have time for it, was because in the world of science fiction, paying it forward is taken very, very seriously. The older generation of writers tends to reach out to help the younger generation of writers. It's the only field I've ever worked in that has that kind of awesomeness and sense of community in that way of, 'We want to keep this healthy. We're not in competition. Let me help you.' That attitude is so rad. I have to have that attitude as well.”

The third prominent non-financial value is access to books, especially access for children. From Leigh Odum of Sunnyvale's *Leigh's Favorite Books* policy of being quick to donate to any local public school to *Books Inc* and *Skylight Books* holding elementary school book programs and Garnier's days spent finding books for school libraries, four booksellers made it clear that literacy is important for the future world they want to foster.

Finally, five stores mentioned their commitment to diversity and inclusion. Avery pointed out that the call to increase diversity exists in both publishing and bookselling, and he tries to meet that call wherever possible in his store. Other booksellers agree, with one pointing out the importance of diversity in every display. One mentioned “sidelines” — non-book merchandise such as journals, postcards, or gifts — being used to support diverse communities that make up the store's customer base. Another takes pride in their staff's foreign language skills that match those of their customer base.

Theme Three: Successful merchandising is a matter of using bookseller knowledge and skills, deep understanding of the customer base, and combined efforts of multiple individuals to drive forward the passions and values of booksellers.

The process of buying and merchandising begins with knowing the customers. Seven of the interviewees spoke about the importance of being in the store and seeing what purchases are made. When asked how she knows what her customers are interested in, McCormick, who assists with the buying at the *Green Apple Books* location she manages, said:

“It's because we're interacting with the community every day. I mean, just like we're sitting in a coffee shop right now that has regulars that come here every day. But we have regulars at the bookstore, too. And we talk to them and we see what they buy and we see what they're interested in. And even though some of a lot of the merchandizing is imprecise when you know what you're looking at, you know what's selling, even if you don't have the numbers.”

Three other booksellers agreed that sometimes what books they buy comes down to what books they sold yesterday. Two more said that they sometimes asked their publisher reps for titles not offered because the neighborhood they serve has specific interest in an unusual type of book.

After understanding the customers, booksellers turn to curation of the books in the store. They report on a variety of methods for curation, from front facing books (turning books cover side out so that customers eyes are drawn to the title and cover art) to writing staff recommendations on physical cards known as “shelf talkers.” While all nine booksellers spoke

about visual merchandising in terms of showcasing books that they are passionate about, Seamer was one of several interviewees to say that sharing their love for books leads to customers “buying more books and really supporting the bookstore, which is kind of circular and allows the bookstore to be there more.” Avery explained the power of curation this way:

“When someone's walking in a crowded bookstore, like a regular person, not a bookseller kind of person, it can be daunting. I think anything that anyone can perceive as a signal that something's been thoughtfully and carefully put there for them helps. Independent bookstores in part quite rightly have a bad rap for being snooty and so a big part of how we approach what we feature, what we sell, how we talk about what we sell, is that reading is about pleasure. We do try to assemble an inventory that represents a constellation of things and ideas and moments that are in conversation with each other. That tension between one section and another or between two books on a shelf creates sort of a system of meaning for people to explore in.”

While it's tempting to believe that merchandising is all artistry, three booksellers pointed out the skill required. Said Orphan of *Chevalier's Books*:

“I think at this point, if somebody were to watch me as I buy it would look like I'm just sort of intuitively doing things. [But] no, there's, at least in my head, like a decade's worth of like training and data running as I go through it.”

Garnier, whose bookstore sells almost entirely used books, mentioned that after choosing from the millions of science fiction books published each year and available as used copies, his role morphs into “being a cheerleader” for the books he has selected.

The final component of merchandising that most of the booksellers discussed was a certain amount of independence in buying and displaying books. While one of the bookstores with multiple locations commented that their buying was only done at the central location, both of the other stores with multiple locations emphasized that they believed their stores were only successful because each individual store chose a significant portion of what to buy and display. Even within a single store, some booksellers allowed for independent merchandizing decisions. Mary Williams of LA’s *Skylight Books* reported that any bookseller could choose books to face out, and Avery said that he believed that a bookstore that “represents all the brains in the store is a much more interesting, better” bookstore than one that only represents a single buyer’s brain.

Theme Four: When forced to choose between ideals and profit, booksellers will choose ideals first.

The most overt conflict booksellers mentioned between passion and profit in merchandising takes place in displaying and selling books that sellers find distasteful. In this context, and in several others, booksellers viewed passion as synonymous with idealism, deeply related to their concept of what a bookstore should be. Seven of the nine interviewees brought up the idea that in choosing not to carry or promote specific books that they disagree with on a personal basis they could be viewed as censors. Five of this subset work in positions where they

can refuse to purchase books. Of the two remaining, one said that they had to move past personal negative feelings they have towards certain books because they don't want to act as a censor.

Seamer summarized the conflict well in terms of freedom of speech and the First Amendment:

“[These are] very big topic[s] in the industry, particularly in the last few years that have been so tumultuous. There are a lot of booksellers that feel like bookstores should promote freedom of speech in a way where everything is on the shelf. And then there are other booksellers that feel some books are actually just harmful to their communities and to people and will refuse to carry titles. It's a constant kind of back and forth between two schools of thought in the book world right now. There are hard decisions to make: Am I going to carry this title? I completely don't believe in what's in it, and am I okay putting it on my shelf?”

Only one bookseller interviewed reported that they were absolutely unwilling to stock certain books. The bookseller, who requested they remain anonymous, stated:

“We decide how we want to earn a living. And for us, we would rather not make money from something that is going to do societal harm. That's not so much censorship as it is making decisions about how we spend our money paying for books and then how we then profit.”

That same bookseller went on to say that if the store thinks a particular book is simply distasteful and will not lead to harm in their community, they will stock the book.

Booksellers felt a variety of pressures in the conflict, from not knowing what readers may want to do with a book and wanting to err on the side of providing more information to a comprehension that being a good bookseller means having the kind of books to sell that your customers want to buy, even if it is not the kind of book that you want to sell. Although strategies varied slightly, the general trend was to either buy distasteful books only on demand or keep some on hand but not shelve them prominently.

James Fugate, cofounder of the Los Angeles based, Black owned store *Eso Won Books*, said this issue was in the forefront of the founders' minds from the beginning:

“That very first meeting, I said that the one rule that we had to have is that we would carry virtually everything unless it was offensive, very offensive. I thought people should have access to it because for us, especially in the Black community, books were denied to us for so long that I didn't want to make a judgment and say, no, you shouldn't be reading that, even if I thought it was foolishness. If you want to read it, it would have to be something really offensive before we would say no.”

When other conflicts arise between passion and profit, most interviewees will generally pursue passion until it risks their ability to survive. For both Fugate and Garnier, holding events that support their respective communities is a key aspect of what makes their bookstores worthwhile, despite the fact that many of these events come at a financial cost. Each mentioned that while they were willing to make the occasional unsound financial decision, they put in a lot of effort to at least break even. However, when they were unable to break even, they typically

found the financial loss to be worth the community gain. Fugate, discussing a conference the store held on COINTELPRO⁴⁶, said:

“People told us they wanted the tapes, but they didn't want to come because they were afraid the government would be there. I remember during the conference, at that point, it was just me and Tom [Hamilton, Eso Won co-founder]. Tom came back and he said, ‘Well, how much are we going to lose?’ And I said, ‘Oh, we won't be eating out for dinner next month.’ You know, I said, ‘Well, we'll be all right.’ We lost, I don't know, maybe \$4,000, which was a lot for us. But those things were important to us.”

Other booksellers agreed that unsound financial decisions can sometimes be the only correct decision. For these booksellers choices that relate to non-financial values take on a moral importance. Orphan of *Chevalier's Books* said that while it hasn't happened often in her career, she didn't see conflict when it came to doing the profitable thing or the right thing. While acknowledging that her ability to sacrifice financial income in favor of sticking to her values is a privileged one, she said:

“If I think something is the right thing to do I have a really hard time not doing that. It doesn't even occur to me to compromise on issues of moral importance. [If] my options are doing something I don't inherently agree with or getting fired. I will pick getting fired every time.”

⁴⁶ An FBI surveillance program aimed at disrupting groups the FBI considered subversive, including the civil rights movement and Black Power movement.

However, not all booksellers shared the same perspective of conflict being of moral importance. Williams, who has spent the past fourteen years at *Skylight Books*, discussed more of the risks to survival. She describes financial literacy and focus as crucial. Unlike Fugate and Garnier, she does not find it feasible to take actions that may bring the store into the red. She said:

“For us, financial success is non-negotiable. We are a for-profit business, not a foundation. We don't accept donations. So if we're going to make payroll and pay our bills, we have to sell books. While we are lucky that we can achieve that while also achieving our other goals of spreading books that we love and talking to customers and participating in our literary community, it's definitely just an absolute that the store does not go into the red. The store has to stay profitable.”

Theme Five: Booksellers demonstrate remarkable capability for resilience, using all the tools they have in order to survive without forgetting their primary values.

In addition to buying and merchandising, independent booksellers have many other tools they can utilize when they need to increase revenues. The vast majority of these tools that also support their other values. As Seamer put it, there's nothing the stores do that is entirely about profit. However, given the one to two percent profit per year that is standard for most bookstores, some flexibility in the pursuit of profit is required.

With only two exceptions, booksellers talked about sidelines as one of these extra tools for boosting profitability. Most stores who discussed sidelines mentioned that on the passion to

profit spectrum they often came down on the profit side, but stores try to only sell sidelines they have at least some passion for. Other non-merchandising tools included popular events, associations with external organizations, book clubs, selling remainders (books purchased in bulk from discount resellers instead of directly from publishers), and business-to-business sales.

Financial resilience is also created through education and learning small business ownership skills. Avery mentioned watching people who care deeply for their bookstores have to close because they lacked a financial foundation. For Fugate, such a reality nearly occurred during the 2008 financial crisis, until he found a local small business association and made connections that were able to walk him through the process of managing his business with a budget. Of learning how to manage her business, Odum said:

“[My husband] loves finance. He wakes up in the morning to think about finance. It just is the joy of his life. So I’m really fortunate because without him I would just buy whatever I wanted in the store. We had this joke that we were going to open a short story bookstore in the middle of a field outside of Gilroy. We would joke it would be the bookstore that nobody would ever go to, but we would love it. He does all the financial analysis. We both do it together, actually. We sit down and I hate looking at numbers, but I do it with him who I love, so it makes it okay. He sort of holds my hand and we look at numbers and we look at growth over year. So we’re always of course trying to grow the business.”

In times of financial stress, booksellers discuss these tools in terms of a shift from idealism to practicality. For instance, during the COVID-19 pandemic, many booksellers pivoted

to focusing on core financial goals within the programming they already have. Williams of *Skylight Books* said:

“[During] the pandemic, because profit was so hard to come by, because closing the store entirely for two months and working from home was a financial disaster for us, and because we paid our entire staff for the entire time, we were hemorrhaging money. ... I’m usually really uncomfortable putting our hand out to customers. I feel like we provide a service and if that serves a value, then they will use it. But we did have to come up with some creative ways [to make money]. We started accepting donations for events. We were doing virtual events at that time, and we also started running these book drives ... that we didn’t necessarily do for the money when we started. It became dual purpose.”

The pandemic is not the only moment that booksellers referred to where they made adjustments to their passion and profit strategies. McCormick said that following 9/11 many bookstores were unable to get new books and so pivoted to selling remainders until publishers could ship again. Fugate recalled an experience where, his store on the brink of closure, he received advice from a friend to market the store’s unique community base:

“[He] said, ‘You have to make sure people know this is a Black store and you have to support this Black store. And I said, ‘Well, we’ve never felt like we had to, you know, with that.’ And I said, ‘Maybe he’s right.’ That did help because I started doing emails to people and I would talk about, you know, we’ve been around. You can’t go to Borders and Barnes & Noble.”

In each instance, the booksellers involved retreated from passion to practicality in order to stay in business for the long term.

Conclusion

This research sought answers to the questions of how booksellers balance passion and profit using merchandising and other tools. This balance is evident in the literature and came through in conversations with California booksellers. The findings demonstrate how merchandising draws together passion and profit and in doing so becomes one of the most powerful tools in a bookstore. In fact, many booksellers do not see their passion for books and literature in conflict with bookstore profit. Bookstore employees and owners agree: successful bookstores sell books.

Other interesting findings demonstrated gaps between passion and profit. These gaps appeared most readily in the need for booksellers to grow skills in the profit arena and the gap between what is considered a successful profit margin in small business retail and what booksellers are able to achieve.

The second gap, between the two percent net profit margin which is considered by the ABA to be a high level of success for independent bookstores, and the rest of retail pursuing a significantly larger one, prompts additional curiosity. It's certainly true that booksellers face unusual challenges to increasing profits, most notably the fact that their most important merchandise comes into their stores pre-priced. However, booksellers also hold a somewhat romantic view of keeping their businesses small. Whether Avery is correct that scaling volume up doesn't translate to increased profits or not remains untested, as independent booksellers shy away from toying with changes to their business models for the purpose of moving the profit margin needle.

When taken altogether, the value of independent bookstores is clear to both customers and booksellers. Booksellers use their passion as a foundation for business strategy. Customers feel the effects of the passion and it adds value to the products, resulting in added profitability.

Appendix

Interview Protocol:

1. My research question investigates how booksellers use tools to balance financial and non-financial goals. I see bookselling as inherently a balance between passions and profits [briefly describe]. Does that coincide with your experience as a bookseller?
2. What is it about books or bookselling that you find fulfilling or that you feel a passion for?
3. What does it mean to you to turn a profit? How would you rank financial success of the store in your goals?
4. What kinds of strategies do you employ with merchandising books?
5. Tell me about a time when you had to make a hard choice as a bookseller between passion and profit.
6. What other kinds of things does your bookstore do, beyond selling books and related merchandise? [For each additional thing] Is that more about passion or about profit? Or somewhere in between?

Bibliography

American Booksellers Association, "E-commerce Update: Comparing 2021 Weekly Sales and Traffic Online to 2019," April 14, 2021, <https://www.bookweb.org/news/e-commerce-update-comparing-2021-weekly-sales-and-traffic-online-2019-1625608>.

American Booksellers Association, "The 2% Solution: Moving Your Bookstore Out of the Red," June 17, 2004, <https://www.bookweb.org/news/2-solution-moving-your-bookstore-out-red>.

American Library Association, "2021 State of America's Libraries Special Report: Covid-19," April 25, 2021, <https://www.ala.org/news/sites/ala.org.news/files/content/State-of-Americas-Libraries-Report-2021.pdf>.

Anderson, Porter, "NPD BookScan: US 2021 Market Unit Volume Up 9 Percent" *Publishing Perspectives*, January 10, 2022, <https://publishingperspectives.com/2022/01/npd-bookscan-american-market-unit-volume-up-9-percent-in-2021-covid19/>.

Baidis, Samaher, Albert N. Greco, Michael D. Kontolios, Molly McCullen, Nan Rittenhouse, Robert M. Wharton, "Creating Competitive Advantage: The Growth of Independent Bookstores in the U.S. 2009–2018" *Publishing Research Quarterly* (2019): 670, <https://doi.org/10.1007/s12109-019-09678-0>.

Booth, Wayne C, et al. *The Craft of Research*. 4th ed., University of Chicago Press, 2016.

Davies, Phil, "Current & Projected Online Holiday Shopping Sales Trends For 2022," American Booksellers Association, November 22, 2022, <https://www.bookweb.org/news/current-projected-online-holiday-shopping-sales-trends-2022-1628964>

Davis, Joshua Clark. *From Head Shops to Whole Foods: The Rise and Fall of Activist Entrepreneurs*. Columbia University Press, 2020.

Guren, Cliff, Thad McIllroy, and Steven Sieck, "COVID-19 and Book Publishing: Impacts and Insights for 2021" *Publishing Research Quarterly* (2021): 3-4, <https://doi-org.ccl.idm.oclc.org/10.1007/s12109-021-09791-z>.

Hayes, Adam, "Merchandising: How Companies Entice Customers To Spend," Investopedia, November 19, 2022, <https://www.investopedia.com/terms/m/merchandising.asp>.

McCann, Brian T., Govert Vroom, "Competitive Behavior and Nonfinancial Objectives: Entry, Exit, and Pricing Decisions in Closely Held Firms," *Organization Science*, (2014): 970, <https://doi.org/10.1287/orsc.2013.0859>.

Miller, Laura J., *Reluctant Capitalists: Bookselling and the Culture of Consumption* Chicago and London, The University of Chicago Press, 2006.

New York University, "Margins by Sector," last modified January 2022, https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/margin.html.

Nawotka, Ed "Booksellers in Covid-19 Hotspots Exercise Caution" *Publishers Weekly* (July 2020): <https://www.publishersweekly.com/pw/by-topic/industry-news/bookselling/article/83749-booksellers-in-covid-19-hotspots-exercise-caution.html>

Oldenburg, Ray, *The Great Good Place: Cafés, Coffee Shops, Bookstores, Bars, Hair Salons and Other Hangouts at the Heart of a Community*. (Da Capo Press, 1999), 41.

Parker, Tim. "What's a Good Profit Margin for a New Business?" Last modified October 30, 2022. <https://www.investopedia.com/articles/personal-finance/093015/whats-good-profit-margin-new-business.asp>.

Philhours, Melodie Jordan, Amy Kurck Alberson, Catherine Naylor, "That Book Store in Blytheville", *Marketing Education Review*, (2011): 300, <https://doi.org/10.2753/MER1052-8008210308>.

Raffaelli, Ryan L. "Reinventing Retail: The Novel Resurgence of Independent Bookstores." Harvard Kennedy School, <https://www.hks.harvard.edu/centers/mrcbg/programs/growthpolicy/reinventing-retail-novel-resurgence-independent-bookstores>.

Roggeveen, Anne L, Dhruv Grewal, John Karsberg, Stephanie M. Noble, Jens Nordfält, Vanessa M. Patrick, Elisa Schweiger, Gonca Soysal, Annemarie Dillard, Nora Cooper, Richard Olson, "Forging meaningful consumer-brand relationships through creative merchandise offerings and innovative merchandising strategies" *Journal of Retailing* (2021): 81, <https://doi.org/10.1016/j.jretai.2020.11.006>.

Shatzkin, Leonard "Selecting the retail price: Some comments on an unavoidable decision" *Publishing Research Quarterly* (1997): 106, <https://doi-org.ccl.idm.oclc.org/10.1007/s12109-997-0002-3>.

Teicher, Oren T, "Booksellers and Change," *Publishing Research Quarterly* number 29 (April 2013).

Van Dyke, Ruth. "Bookstores in Seattle: Independent, Unique, and Virtual." *Information Outlook* 1, no. 3 (03, 1997): 8-9. <http://ccl.idm.oclc.org/login?url=https://www.proquest.com/trade-journals/bookstores-seattle-independent-unique-virtual/docview/197385133/se-2>.