

## Book Ordering Systems and the returns process

### Introduction

1. There are numerous electronic bookstore management systems and online services that can be used to order and manage stock and, in some cases, to facilitate payment for and return of stock.<sup>1</sup> Retailers also use wholesaler and publisher websites to check availability and place orders.
2. Descriptions of the ordering, returns and stock management systems provided by book wholesalers—THEsis (from THE), Bertline (from Bertram) and Gardlink (from Gardners)—are contained in the main body of this report. These systems allow booksellers to manage their stock: the bar code on books is read by a code reader connected to the system and the resulting change of stock is recorded as the sale is made. The bookseller may use the list of books sold over a period to compile an order for replenishment stock. When new stock is added, its bar code is scanned and the system records the addition to stock. Books may be ordered from these systems, the default supplier being the relevant wholesaler though booksellers can override this and order from another publisher or from the publisher direct or through PubEasy (see paragraph 10). Customer details may be stored on the system. Returns authorization may also be requested using these systems. As well as offering stock management functionality, these systems allow orders to be placed with the 'host' wholesaler, a rival wholesaler or with a publisher direct as required.
3. Other electronic services have been created to make it simpler for the bookseller to deal with multiple publishers direct. This appendix describes those services.
4. Electronic ordering and returns services should be seen in the context of the e4books project initiated by Book Industry Communication (BIC) in 2004 to promote the use of e-commerce in the book industry supply chain. The aim of the project is to have the book industry trading electronically by 1 May 2008 ('e-Day'). The scope of the project includes the provision of up-to-date product information electronically, ordering, processing of order acknowledgements and delivery notes electronically, and electronic returns management including authorization of returns.

### Ordering services

#### *Nielsen BookNet Web*

5. 'TeleOrdering' is an order-routing database and value added network (VAN) aimed at simplifying the process of ordering books from both publishers and wholesalers. It was launched in 1979 by VNU, a company operating worldwide in markets for consumer and professional information. The major publishers are all registered with this service. TeleOrdering is now one of a group of products called Nielsen BookNet. BookNet also incorporates BookNet Web and BookNet EDI services. BookNet Web is a web interface that utilizes the TeleOrdering services and is a direct competitor of PubEasy (see paragraph 10).

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<sup>1</sup>Examples, in addition to the wholesalers' stock management and ordering systems and others mentioned in this appendix, include BookMaster, Booksolve, Bookthrift, Bestseller, Book Partnership, Rootkin and AE Data.

6. The service is mainly financed by subscriptions and/or traffic charges from publishers/distributors and some booksellers. This charge, which is low for small bookshops and higher for the chains, is either based on order throughput or on a capped subscription.
7. [X] bookshops are registered to use BookNet Web, including bookshops which are part of the chains. BookNet is not, therefore, a predominating service in the book trade. Booksellers using the service would need to have an account with the relevant publisher and would need to meet each publisher's minimum order value or bear a carriage charge. Retailers would also receive multiple invoices from the various publishers from which they were ordering.
8. Nielsen told us that most of the titles ordered through BookNet are back-list. Booksellers, they said, would tend to order promotional titles from wholesalers or direct from publishers so as to secure the services and terms often offered to support promotions.
9. A link from Booknet to batch.co.uk (see paragraph 12) has recently been created. This enables a retailer to reconcile purchase orders with invoices in the same environment. Nielsen told us that [X].

### ***Pubeasy***

10. PubEasy, a division of Bowker, an international bibliographic information company, also offers a web-ordering service which allows booksellers to check the availability of the title concerned at the publisher and the wholesalers and, having ordered, review the status of their orders over the Internet. Over [X] booksellers are registered with PubEasy. As with BookNet, all the major publishers are registered with PubEasy. Again, Bertrams and Gardners will also be listed as suppliers as well as the publisher of the title concerned. In practice, however, relatively few ([X] per cent) orders placed through PubEasy are to wholesalers. PubEasy is a direct competitor to BookNet.
11. As with BookNet, the bookseller may still face problems in attaining the minimum (carriage free) order values of the publishers and they will still receive multiple invoices, if not ordering from a wholesaler.

### ***Batch***

12. Batch, whose predecessor was the Booksellers Clearing House, is an Internet service owned by the Booksellers Association but now financed by the book suppliers. It consolidates invoices from multiple suppliers to participating bookstores. Bookstores can authorize payments through Batch online and the payment, once they have approved it, is deducted from their bank account. Batch then pays the individual publishers. There is one settlement day only per month, and the terms on which the business between bookseller and supplier was being conducted has no effect on this timing. Batch is free to the nearly 900 booksellers registered with Batch, of whom on average 460 make a payment through the service each month.

### ***The returns process***

13. Most books bought by retailers are supplied on a 'sale-or-return' basis under which books can be returned to the supplier and a credit note issued in exchange. Following an investigation by KPMG in 1998, which highlighted possible savings to the industry of £150 million, the Industry Returns Initiative (IRI) was launched in

2000. This initiative is part of the e4Books project and was aimed at making the returns process more efficient through the use of electronic messaging. As part of this initiative a code of practice, overseen by BIC, has been agreed to automate and standardize returns authorization and processing. This code has now been adopted by the majority of distributors and booksellers.

14. The code recommends that a book cannot be returned within three months of its publication date or after 15 months from the date of the last dispatch of that title from the distribution centre. This allows enough time for the book to be sold and for the retailer to dispose of slow-moving stock.
15. The code also states that some publishers may wish to agree a cap on the value of returns from individual booksellers, normally calculated as a percentage of sales. We were told that, in practice, publishers were less restrictive regarding returns than were wholesalers.
16. The physical process of returning stock involves the bookseller requesting authorization to return the books in question from the supplier and, having received this, sending the stock back. Requests for authorization will include the ISBN of the titles concerned, the number of copies and a code indicating the reason for the return. Return authorization requests may be made via the electronic ordering services described in this section, including PubEasy and BookNet, and through Batch. Requests for authorization may also be made using the form that the Booksellers Association provides for this purpose but no other form of request, for example on the telephone or through a publisher's representative, are allowed. Confirmation of an authorization will be accompanied by a barcode for the bookseller to attach to the returned book which the supplier can then use to reconcile returns received with the relevant authorization. The cost of carriage for returns is borne by the bookseller if the distributor requests the physical return of the book. In some cases the distributor may authorize local disposal rather than physical return.