

## BOOKSELLING

*AbeBooks' Hannes Blum talks about bookselling, present and future*

AbeBooks.com is the world's leading online marketplace for books, with over 13,000 booksellers offering over 110 million new, used, rare and out-of-print books. I recently had a chance to interview CEO Hannes Blum about the company and how some recent acquisitions reflect his vision for the future of online bookselling...

*Michael Lieberman: AbeBooks recently announced its acquisition of Chrislands, a Web site provider for online booksellers. The earlier acquisitions of FillZ and BookFinder seemed to complement AbeBooks in some way, at least on the periphery, whether it is the fulfillment and date routing that FillZ provides to booksellers or the book search functionality offered by the meta searching of BookFinder. But Chrislands seems to be in direct competition to the AbeBooks model as book aggregator. It seems one of the greatest threats facing AbeBooks is in the booksellers' building of their own Web sites. Coupled with Google's dominance in the search arena and Amazon's far reach, you potentially have a situation where the user will eventually bypass the traditional third-party book sites like AbeBooks, Alibris and Biblio. What is the overall acquisition strategy for AbeBooks, and how do these recent acquisitions fit?*

Hannes Blum: A couple of points here. We expand AbeBooks in two ways—organically, such as by setting up new sites like the recently launched [www.abebooks.it](http://www.abebooks.it), and by purchasing companies. When we decide to purchase a company, we look for firms that are successful, have potential to grow and are all about books.

Booksellers realize that they have to offer books for sale through as many different "channels" as possible. Before the Internet, that meant auctions, book fairs and catalogues as well as brick and mortar bookstores. Today, the same rule applies and we accept that sellers are going to sell through other online marketplaces and also develop their own retail Web sites. We understand this and accept this. This is a part of the online bookselling world that we want to be involved with—Chrislands already does a great job and has fantastic potential. We're not straying away from online bookselling but simply making

sure we have a strong presence in another developing area of Internet bookselling. We are prepared to diversify but we stay loyal to books. Chrislands complements AbeBooks very nicely—just like FillZ and BookFinder.com do. Each business gives us some influence in another part of online bookselling.

*ML: Does the acquisition of Chrislands signify a change of course for AbeBooks?*

HB: No. The Chrislands acquisition can be compared to our purchase of BookFinder.com in 2005. Both BookFinder.com and Chrislands have different business models to AbeBooks but they're still essentially all about online bookselling

*ML: For most booksellers that I know, and many are the ones that have been selling on AbeBooks the longest, AbeBooks has become a declining revenue stream in the last few years. Most are seeing double-digit declines in sales on AbeBooks, with some booksellers claiming sales down as much as 60 percent. To what do you attribute this across-the-board decline in sales? Increased competition? Saturation in the marketplace?*

HB: Sales across AbeBooks' network of sites as a whole are actually increasing and we outperform most of our direct competition based on our knowledge—we facilitate sales of up to 30,000 books each day, sometimes more at the height of the college textbook seasons in August and January. On all online marketplaces, competition between sellers has increased—selling books online has become an extremely popular occupation. Anyone who sold books on AbeBooks before 2000 was part of a small number of booksellers, and those same booksellers now face stiffer competition. There is also increased competition between the marketplaces themselves—the marketplaces compete for traffic and then the sellers on the marketplaces compete for the sales. Remember business changes much faster on the Internet than in traditional commercial environments.

Nowadays, sellers list far more books for sale than they used to, so we try to encourage sellers to improve sales by offering better and more in-depth book descriptions, and give each listing an image, and also by closely monitoring their pricing and making adjustments when necessary. We attempt to give sellers as much guidance as possible so they are equipped to attract buyers.



*ML: What steps is AbeBooks taking to try to increase sales through AbeBooks.com? The model of trying to increase revenue through increased fees for your vendors, as opposed to increasing revenue through the front end and attracting more customers, seems unsustainable.*

HB: Our model is very sustainable because we keep it carefully balanced and we continue to see decent growth in buyers. As I said before, business evolves very fast on the Internet and online companies fail exceptionally quickly when business turns bad, so we wouldn't be around if our business model wasn't sustainable.

We make huge efforts to attract buyers through online marketing and more traditional marketing practices. Our marketing budget doesn't compare to the money spent by the likes of Amazon, but we make every dollar work for us. We drive traffic to the sites through extensive search engine marketing, thousands of affiliate Web sites, a regular stream of highly targeted e-newsletters, meeting buyers at book fairs, sponsorship and public relations.

Let's take April as an example. In April, we launched a new Web site dedicated to Italy—that's a huge undertaking and we've just opened up a new market for our sellers. It immediately had an impact, and our most expensive sale in April was facilitated through AbeBooks.it when an Italian buyer purchased an Edward Lear letter for \$11,491. We attended the *LA Times* Festival of Books, where we had two booths and five members of staff who met thousands of book-loving people and told them in person about AbeBooks. We sent out around 18 different e-newsletters from our North American office and more went out to European buyers from our office in Germany. On our Web sites, there were author interviews, contests and original content—all designed to draw buyers in and hold them on the site.

Clearly, we are doing something right because Which?—a consumer protection organization similar to *Consumer Reports* in the U.S.—shortlisted AbeBooks.co.uk as one of the three best Internet retailers in the U.K. Just two months ago, the U.K.'s *Daily Telegraph* newspaper listed AbeBooks as one of the 101 most important Web sites in the United Kingdom. Having said that, we appreciate that there is much more work to be done.

Aside from our marketing efforts, we are also continuing to improve our own Web sites so that

once a buyer arrives at AbeBooks they have a good buying experience and come back for more books. I can't stress enough how important this behind-the-scenes work is. We want a first-time buyer to become a regular customer so they will buy from AbeBooks for life.

*ML: One of your company's tag lines is "AbeBooks is changing how books are found, sold, and shared with the world." What kind of changes in the ways "books are found, sold, and shared with the world" do you foresee in the next five to 10 years?*

HB: Firstly, books are not going away. The book remains the greatest technology of all time—they are portable, they are easy to use, they are durable, they convey a huge amount of information. But most importantly, books are loved and treasured, and inspire readers. We watch with great interest what is happening with the Kindle and other e-reading devices, but these things are a long way from making a significant impact on the book world.

Looking ahead five to 10 years is very difficult. AbeBooks is 12 years old and look how we have developed. The founders were amazed when the site's inventory reached one million books, and then they swore that three million would be the absolute limit. Now we have more than 110 million books for sale and sellers continue to upload more books.

We expect new online bookselling markets to develop around the world—Eastern Europe, South America, Asia, India. We saw this coming a long time ago and have been "internationalizing" AbeBooks' business since 2002 so that we were not totally dependent on our core market in North America.

Perhaps the most accurate thing I can say is that things will continue to happen fast on the Internet. Brick and mortar businesses can take decades to develop, but online firms can make an impact in a very short time. Look at Google.

Last year, we conducted an extensive bookseller poll and they told us they intend to keep uploading books to increase their online inventory, so the choice for buyers is going to become even wider.

*Michael Lieberman is a partner in Wessel & Lieberman Booksellers in Seattle, WA (www.wlbooks.com). A longer version of this interview can be found on his daily book-related blog, Book Patrol (www.bookpatrol.net).*