

J. K. Rowling, the LA Times and the Deadly but Hallowed Profit Conundrum

I don't know who I want to scream at.

The booksellers who are bewailing that they won't make a profit on *Harry Potter* or the La Times (July 16, Page A1) who planted a Poor, Poor Booksellers article on their front page and didn't address any of the benefits of selling hundreds (maybe thousands!) of copies in any given store of the new *Harry Potter*—however discounted—until, oh, I don't know . . . maybe a thousand or two words into the copy runover on page eleven.

Later in the article we do see that there are some benefits to booksellers even if they don't make much on each copy of any specific book they sell.

As a retailer-turned-writer, here's how the benefits stack up, even if booksellers lose money on this next J. K. Rowling book:

1. A hot item, deeply discounted, is called a loss leader. That's what *Harry Potter* and the *Deathly Hallows* is working itself up to be a loss leader. That means it will draw tons of traffic (you and me) to bookstores both virtual and those in our hometown whether they're made of stucco, brick or a stack of cards.
2. Loss leaders can result in tons of publicity (read that FREE) about their dear-me-plaint (read that PROFITABILITY). The LA Times article is but one example. We'll talk about how readers can help fix that proceeds conundrum later for we all want bookstores to continue to be there for us.
3. Loss leaders build loyalty. Customers are grateful to businesses that offer something meaningful at a very low price now and then.
4. Loss leaders offer big, . . .no, HUGE, opportunities* for promotion. Especially this loss leader. Think events. Think enticing floor displays. Think purchase with purchase or gift with purchase specials.
5. Bookstore principals who still believe they are victims should stop to consider that their own industry is responsible for the downward spiral of retail prices on *Harry Potter* and therefore are at least partially responsible for their own losses.
6. Competition is the brick pillar on which capitalism is based. We're stuck with it for good or bad, so let's look at #4 and figure out how to stir up a batch of lemonade from the lemons (see #5) booksellers and publishers have made for themselves.
7. It's possible that some retailers will participate in a program called ad allowances. That means that Rowlings' publisher actually may pay for or contribute to ads the stores run on TV or in the press. That doesn't just sell the HP books, it helps brand and drive traffic to the store that runs the ad. (Disclaimer: I don't know that Rowling's publisher, Scholastic, Inc., is offering this kind of program but it's often done.)

In the Times' article, Jeff Bezos is said to have warned his employees that even his Amazon might make no money on Deathly Hallows. C'mon. Amazon has no reason to sing a sad song. For ages they've been good capitalists evidenced by their offering free shipping to those who buy a second (or third) book on many purchases over \$25. In that respect, Amazon is no different from the other bookstores. Even if they lose money on HP, they'll do very well, thank you.

So, let's not boo-hoo too much for bookstores on this one. Yes, we as readers and as people in the publishing industry will want to **support them all by buying an item other than HP** (see #2) when we're after our copy at 50% off. But mostly let's watch to see how the industry, the author, and the bookstores benefit from all this publicity and how some turn it to their advantage. We can follow their leads and utilize their cleverness in whatever business we're running whether it's ownership of a corner store in Anywhere USA or promoting the book(s) we have written.

*Book Soup, a bookstore in the LA area, offers a free copy of the new *Harry Potter* to those who purchase a \$100. gift card. Publishers (like many vendors) do not encourage (some flat out disapprove) of such consumer-friendly and profit-friendly promotions. Sometimes I put my head in my hands and wonder . . . just wonder, you know?

RESOURCES

Don't bother with the front page of the *LA Times*. Cut right to the information box on Page 11 of Monday's (July 16) edition. Oh, by the way! The *Times* may have grossly overestimated J.K. Rowlings' royalty at a whopping \$5.25 per book. If that figure is anywhere near being true, other authors can only hope that someday they might cut such a deal.

Carolyn Howard-Johnson founded and owned a small chain of retail stores in an earlier life. Her award-winning FRUGAL BOOK PROMOTER includes hundreds of ways authors can get free publicity including a chapter on utilizing the free perks at Amazon. www.HowToDoltFrugally.com.