

D2C @UCPbooks

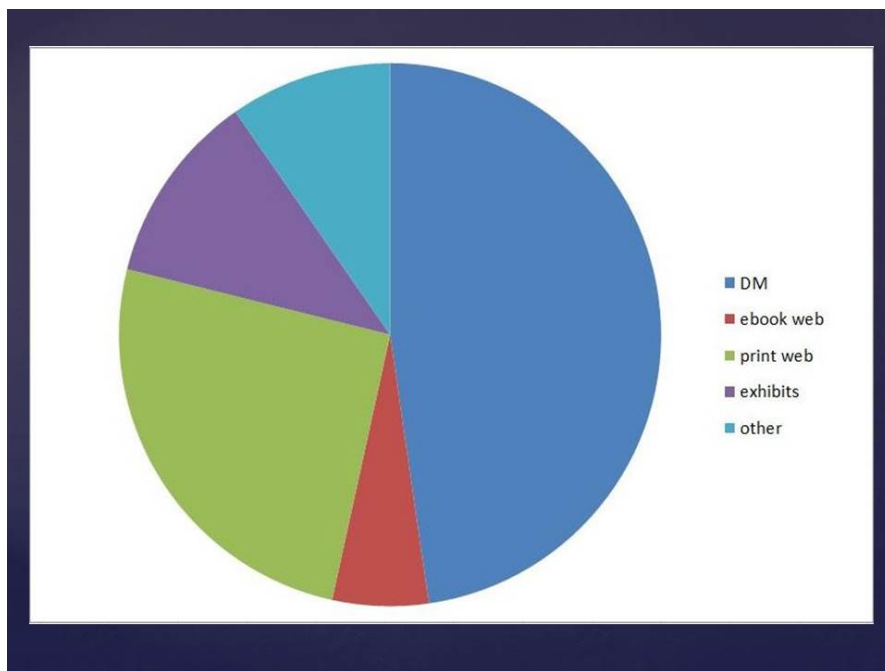
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AAUP 2014

I will talk about two things. I'll start with customers—individual customers who have bought print books and e-books from Chicago. I'll try to zero in on new customers and where they have come from. And I'll talk about customer contact, the ways we communicate with individuals and broadly some results of that.

The second thing I'll talk about is direct-to-consumer sales generally. Out of the context of D2C at Chicago, I'll sketch out the near-death experience of print direct mail and propose some reasons why it has revived.

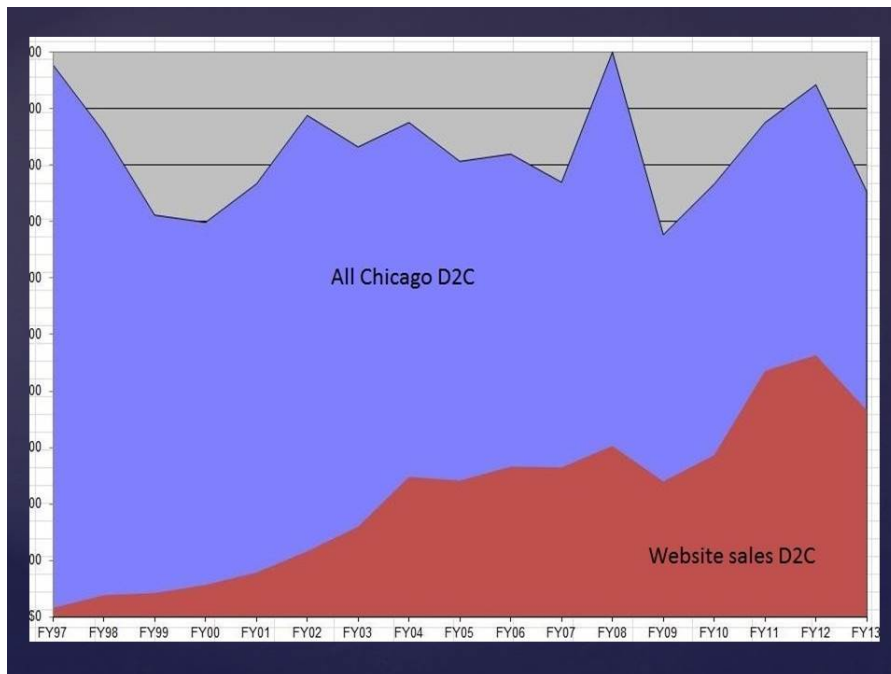
Just briefly, an over view of direct-to-consumer at Chicago. Here's a chart divided into the major areas of D2C revenue: The large blue area is direct mail—



meaning 12 subject catalogs per year, plus two general interest catalogs, printed and mailed—then clockwise: e-book sales from our

website, physical book sales from our website, exhibits, and other sources. These divisions are inexact in several senses—many sales included here in direct mail plus a few exhibit sales actually come through the website. Promotion and direct sales take place both online and offline—every physical catalog has an electronic counterpart and gets email and social media promotion. We are as agnostic as we can manage about print vs. digital; we value and practice both.

To put that in a little more context, this is a chart of Chicago’s D2C sales for pretty much the whole of the internet era—since June of 1996. This chart hides a



lot of complexity, but D2C sales are ultimately flat across those 17 years. Sales transacted via the web—however they are generated—have gradually risen to

approach half of our total D2C sales, which is great but equally compelling is that the kinds of physical presences we use to sell books—mailed catalogs and exhibits primarily—are still a substantial piece of the revenue. And these physical presences are what distinguish what we do from purely online booksellers.

OK, on to customers.

It's blindingly obvious, really, but nonetheless we say it to our editors all the time: The best people to solicit, when you try to sell something, are the people who have bought from you before. Our own book buyers are the solid core of all we do in D2C. Over a three year period, about 48,000 unique individuals buy from us. That's from all sources, as the chart earlier illustrated, and books both print and e-books.

Beyond our own book buyers we get lists for mailing D2C print catalogs from the following:

Other university presses (thanks!)

Direct mail retailers (Daedalus, Great Jones)

Media subscribers (NYRB, for instance)

Academic societies (or other organizations)

For all the catalogs we have mailed since July 1, 2013, the response rate from our own customers was 3.2% while the response rate from other lists we mailed to was 1%. In our experience, we cannot recover the direct costs of printing and mailing a catalog if the response rate is only 1%.

Over the last twelve months, we have added about 9,600 new individual customers, from all sources, print catalog, exhibits, website, etc. What do I know about where these customers initially come from? Truthfully, not enough.

I expect it is true for some of you as it is for Chicago that it is difficult to track the behavior of book buyers unless they come through our website, and



maybe not even then.

It's a typical feature of legacy publishing systems, that you can find out just about anything you want about an ISBN, but it's much harder to track

the flow of customers—especially individuals—through these systems. However, one thing I can distinguish is whether a new customer bought a print book or an e-book, and that's an interesting one.

Sales of our own e-book editions do not, in revenue terms, amount to all that much. They are about 9% of our website sales in dollars and 13% of our website sales in units. But those e-book buyers account for 36% of our new customers. Selling e-books from our website is an outsized portion of generating new customers, who are paying with a credit card and are giving us both physical and e-mail addresses. Selling your own e-books opens up a new stream of customers.

We often evaluate the worth of marketing projects on the basis of how much revenue they generate. But it's important to also consider how a project will add to the customer base. And that by the way is one core meaning of the buzzword so often applied to Amazon: "customer-centric"—their focus is always on acquiring customers first of all, and generating profit secondarily. In terms of all the revenue generated by the Chicago book division, sales of e-books from our website is far below 1% of that revenue. But in generating new customers it makes a more significant contribution.

Undoubtedly, one of the reasons for that is that for most Chicago e-books, you can get the e-book to use for 30 days for \$7. 57% of the units in our website e-book sales are for 30-day rental books.

While most e-book purchasers are new customers: we do have repeat e-book buyers—about 6% of our e-book buyers have bought one or more e-books from us in another transaction.

My focus so far has been on sources that yield physical addresses; I'll now turn to e-mail. We have e-mail addresses for some of our D2C customers, and some of them allow us to contact them via e-mail.

And we use these outside sources for email addresses:

MDR and other list brokers.

Academic societies or the registrant lists of academic meetings.

Authors and miscellaneous sources—the addresses your interns compile from websites.

But you know: it's a good thing that email is so cheap to carry out, because actually selling stuff by email is more difficult than selling by mail. In our experience, response rates are low. So you need to have a lot more e-mail addresses. So that's the question: what do you do to increase your stream of email addresses? At Chicago we have three main tributaries.

We have about 63,000 we reach out to every month in our monthly free e-book program; in that e-mail we frequently trail promotion of our general interest catalogs and other ways to find out about what we are publishing. Just under 2% of our free e-book subscribers also bought a book from us over the last three years.

We reach about 29,000 people every month through the Chicago Manual of Style Q&A e-mail. More of a community building service than a marketing channel, the Q&A e-mail nonetheless promotes books when they are of interest to writers and copyeditors. About 9% of CMOS Q&A subscribers bought a book from us in the past three years—in most cases what they bought was the Manual of Style.

Our New Title Notification service e-mail has about 53 hundred unique subscribers, who have collectively signed up for more than 46,000 subject

subscriptions. About 4% of our NTN subscribers bought a book from us in the past three years.

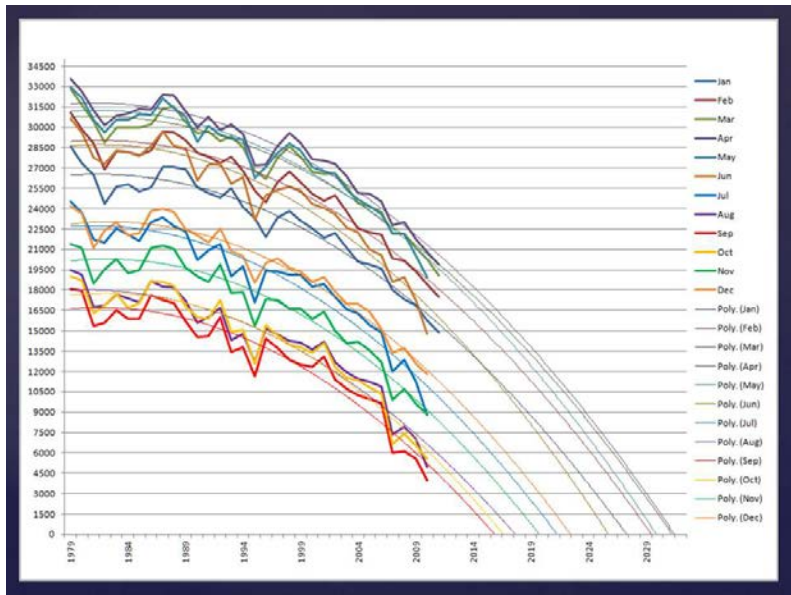
Let me just caveat about those percentages: Obviously I get those numbers by matching e-mail addresses to our customer data. But many of our customers have not provided an mail address, or perhaps they provided one email address when buying books but another email address to sign-up for a notification list. Those percentages could easily be understated by half.

Each of these lists produces book buying customers and when judged by typical direct mail response rates, they are reasonably productive lists. It would be short-sighted though to think of them just as prospects. These people are real customers of ours, even if they haven't bought a book directly from us, or bought any book we publish. They are familiar, sometimes very familiar, with what we are publishing and many of them value what they receive from us highly—whether it be a free e-book, the grammar and style advice in the Q&A, or information about our new books.

The number of people who are shared across one or more of these e-mail lists is fairly small—barely more than a hundred in any pairing—which suggests there are opportunities to cross-promote these different services. What about the number of people shared across all four—book buying customers, who subscribe to the free e-book e-mail, the CMOS Q&A e-mail, and to the New Title

Notification service? That number is exactly one, a sociologist at Trent University in Canada.

I want to widen the lens considerably here and discuss the near-death

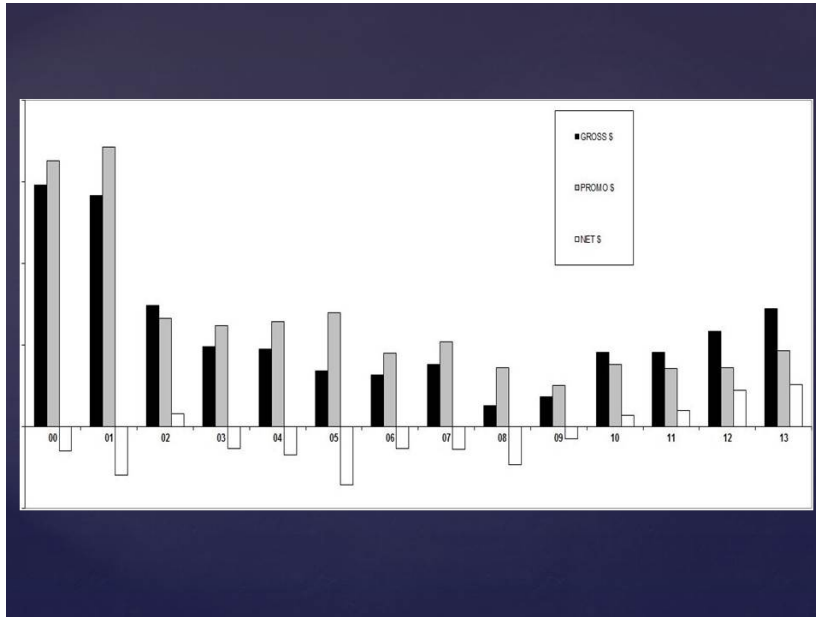


experience of direct-to-consumer, particularly direct mail, sales and its revival, using Chicago as an example. Though Chicago is not a comparable for many presses, I think there are lessons in the Chicago

experience that are relevant for everyone and for the membership as a whole.

This chart actually has nothing to do with Chicago direct mail sales, except in some overall similarity. This is actually a chart of the monthly volumes of Arctic sea ice since 1979, with trend lines. Consider it a public service announcement. And a reminder of what a real apocalypse looks like.

This on the other hand, is a genuine and representative chart of the performance of a direct mail subject catalog at Chicago, this is 14 years in the life



of an annual catalog in a humanities discipline.

Sales in dollars in black, total cost of printing and mailing the catalog in gray, net result outlined.

Through 2008, 2009 this

is just a death spiral, and if

we added in data from the 1990s and the 1980s, the spiral would simply sharpen.

What were the problems?

First, of course, the ascendance of internet booksellers, especially Amazon, who was willing to discount books dramatically to gain market share—discounts at a level that we felt we could not go to ourselves, without undercutting our already beleaguered friends in brick-and-mortar stores.

Second, a decline in the quality of outside mailing lists. Back in the '80s and '90s Chicago used the academic book buyer lists maintained by CMG, the College Marketing Group, which were good lists—not just academics but academics who bought books. CMG was sold, went through a number of hands, and by 2007 is a

small piece of MDR, Market Data Retrieval, which is a piece of Dun & Bradstreet. For Chicago, at any rate, the book buying behavior of MDR lists has never equaled the quality of CMG. And of course, the migration of sales to internet retailers exacerbated the mailing lists problems and vice versa.

Third, on the cost side, printing and mailing costs all continued to rise.

So, why does D2C begin to revive?

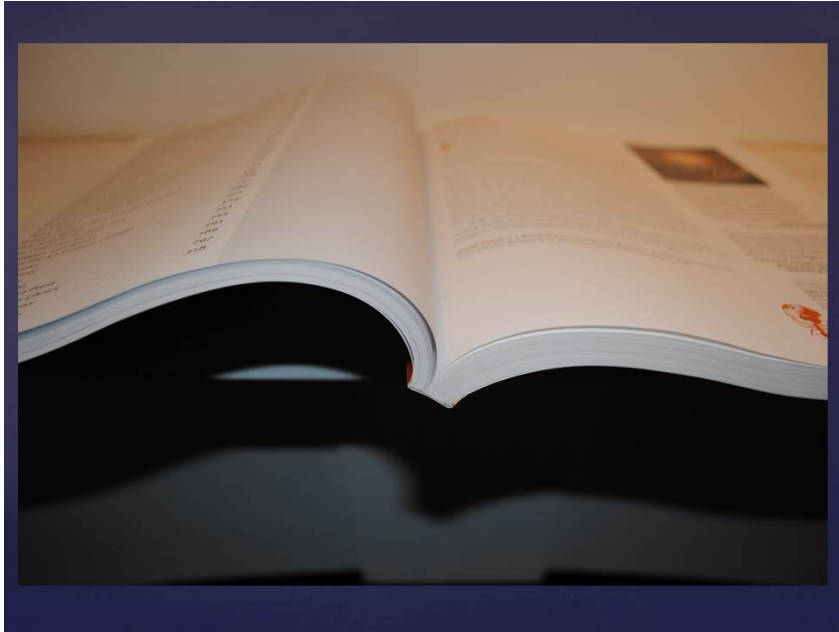
As independent booksellers decreased, we began to routinely and moderately discount every title in every catalog. In the context of Amazon's discounting practices, we achieved at least closer to a level playing field for our own direct promotion of specialist books.

We improved our own in-house mailing lists and put a lot of work into the subject classification of our book buyers. We got better-performing names from our own customer data, to the point that we could rely on those buyers for the substantial core of our physical mailings.

Digital printing and increased competition among printers moderated productions costs.

And, last, and this is the takeaway, Chicago ramped up the marketing services component of the Press and thereby created collaboration with other publishers for the direct-to-consumer effort.

This is the Chicago Fall 2014 catalog: on the left the books we publish, on the right the books we sell, publicize, promote, market, and distribute for other



publishers, primarily publishers based in the UK and Europe. And that I think is the decisive difference: the addition of both scholarly and general interest books from other

publishers has improved sales from our direct mail catalogs. A larger mix of titles to draw on; a wider variety of books to offer. Aggregation, collaboration.

As individual presses within the AAUP or as an organization as a whole I am not sure what form of collaboration is possible and appropriate. But I'm not unsure of its benefits. I can see them every day.

Cross-press collaboration will be the subject of a 9:00 session tomorrow. And really it's part of everything that goes on in this organization. Collaboration is a continuum. Some collaboration requires a great deal of infrastructure and development, a lot of decisions, a lot of joint work, and the cooperation of numerous stakeholders. Some collaboration involves far less.

The cross-press sharing of mailing lists? Absolutely. There's a breakfast roundtable tomorrow morning if you are interested in that.

The collaborations around "[university presses in space](#)" that MIT carried out and Tony Sanfillipo's "[related books from other university presses](#)" are projects of a different sort. They are about sharing bibliographic data and sharing cyberspace real estate. They are about aggregation. There's lots of academic real estate in cyberspace from professors who blog to journals homepages to the book product pages across our entire membership. Perhaps it's on that existing real estate that aggregation and collaboration is best carried out.

That suggests collaborative projects that are more like web services and less like websites. Collaboration based in passing data back and forth across existing sites rather than creating a new place on the web. Data streams, not webpages of products.

Aggregation and collaboration is the primary lesson I've learned in a couple years immersed in direct-to-consumer sales. Thanks for the opportunity to recommend it to you.