

Monkey Traps & Marketing

Brian Jud, president and founder of Publishing Directions, a company in Southington, Connecticut, United States, offers insights into developing marketing plans.

In the islands of the South Seas, there is a unique way to trap monkeys. The natives drill a small hole in a coconut, hollow it out and fill it with rice. Once a monkey puts its hand in the coconut to get the food, it cannot remove its clenched fist. Refusing to let go of their prize, the monkeys are unable to escape.

Publishers can get caught in a similar trap if they avoid risks and persist in using strategies that were successful in the past, without evaluating whether they are still relevant today. Their sense of contentment is similar to that experienced by most of the passengers on the Titanic before it struck the iceberg.

Thoughtless adherence to programs that had past marketing success leads to inertia. Rigidity develops when a successful publishing organization fails to recognize market drift—a gradual but substantial shift in customer tastes, business conditions, and competition. However, success is achieved by addressing the dynamic preferences of today's customers, not by blindly following historical marketing formulas.

Publishers need to stop yanking at the coconut, let go of the past and pause to ponder what they are doing and where they are going. They can review the basics of marketing and create a plan that defines the mission and vision, generates objectives, establishes

strategies and stimulates a program of specific tactics.

Mission and vision

A mission statement is a concise answer to two questions.

First, "what is a publisher's business?" The answer may seem obvious: a publisher is a producer and purveyor of books. However, this view is limiting. In fact, publishers provide information people need and are willing to buy. Publishers essentially put into practice a customer-satisfying process that begins with market needs, not a goods-producing process that ends with the sale of a book.

Second, "who does a publishing house serve?" Are its customers the companies in its distribution channel? No, because the sale of a book does not end when a book is shipped to the distributor. Nor does it end when the largest wholesaler in one's country places the book into inventory. It certainly does not end when bookstores place the book on display. The sale of a title ends when a satisfied customer purchases the next title by that same author. Publishers must decide who their crucial customers are or could be.

They must focus on the needs of the ultimate readers of their books. The best way to reach readers may not be through the traditional system of distri-

bution, but through non-traditional channels. They must use their business assessment to investigate and evaluate alternatives. Publishers must find out why their customers read and buy the types of books they publish, and must explore ways to give customers what they want.

With answers to these questions, publishers can define their vision of where their companies should ultimately be. Examples are found in the stories behind such American entrepreneurs as Ray Kroc (McDonald's), Leon Leonwood Bean (L. L. Bean) and, of course, Jeff Bezos, founder of Amazon.com. Bezos quickly became the proprietor of "Earth's Largest Bookstore" by pursuing his vision to prove the appeal of Internet shopping to millions.

Objectives

Objectives divide one's long-term vision into attainable goals. Traditional business planning requires that objectives be written, functional, measurable, specific and time-oriented. However, objectives must be more than that or they simply remain good intentions.

First, objectives should be operational. They must be capable of being converted into assignments that instill action in those responsible for their attainment. Dynamic objectives become the basis as well as the motiva-

tion for work and achievement. In addition, objectives must make concentration and allocation of resources and efforts possible.

Marketing objectives are key. Publishers must maintain the focus on the customers and what the publishing company is really selling to them because each customer will buy titles for a different reason. A publishing house does not sell books, but rather solutions to problems. A publisher must know what the customers want, must give it to them and make sure the customers know who is giving this to them.

Rapidly changing technology is creating many opportunities for people in the book business, so it is also critical to have objectives for innovation. Print-on-demand, electronic books and Internet marketing have changed the way publishers do business. The fast pace of acquisitions, mergers, strategic alliances and public offerings is changing the territory. Creativity must be applied to find new titles to bring to market (or new markets for existing titles), different distribution channels, novel ways to offer price incentives while maintaining profit margins, and original ways to promote one's titles above the ever-increasing clutter of competitive advertising, sales promotions and publicity.

It is not necessary to be the first to innovate a product or a process, but it is important to make sure that one's publishing house is the best at what it does. For example, Henry Ford did not invent the car and was not the first to manufacture it. He did not come up with the concepts of automation or interchangeable parts. Instead, he honed the concepts others invented to build a car for the multitudes.

Strategies

Publishers must create strategies that will direct their staff's efforts to achieve the company's overall objectives. Strategies are statements of the general direction the company will take in each of the four areas of marketing concentration (*Product, Place, Price and Promotion*) to reach the objectives.

1. Product strategy focuses on the merchandise created by the publishing house to satisfy the needs of its customers. Product strategy is not merely about which books are published. Here are some alternatives to consider in developing a product strategy.

Should the publishing house change its product strategy? Historically, it may have defined itself as a book publisher. Perhaps it is time to revisit that deci-



sion. A company might continue publishing its current line of books, but it might add books-on-tape, books online, video tapes, software or any medium that will deliver information to its customers in the format they want.

Could the company maintain its current product line, but change the strategy? Even if a publisher decides to continue with traditional print books, he or she must decide whether to adopt a limited-line or a broad-line strategy for the books.

In a limited-line strategy, the publisher attempts to cover a broad market with a single title or a limited-line of titles. For example, the consulting company Publishing Directions addresses the need for media training with three products: a video program (*You're On The Air*) and two books (*Perpetual Promotion* and *It's Show Time*). The main competitive weapon in this strategy is

product differentiation to remove the titles from price competition.

The "rule of three" states a stable market will have only three significant competitors, and their market share will be in the proportion of 4:2:1 (50 percent, 25 percent and 13 percent). So, if there are already three major players in the niche a publishing house is contemplating, it must have a significant point of difference to succeed. In other words, a publisher should not try to unseat a market leader with a "me too" title. With a limited-line strategy, a publishing house will maintain a limited line of books to become the big fish in a little pond.

Conversely, a broad-line strategy relies on identifying a series of pockets of demand, each with peculiar and distinct characteristics of its own. In this case, an enterprise will publish a greater number of different titles for deeper penetration into each segment. This strategy is preferable if one's ultimate objective is to achieve a more sizeable total market.

A broad-line strategy is usually more successful because stronger titles support weaker ones, customer recognition spills over to the entire line, one's titles will display a greater presence in bookstores and promotion costs are spread over more titles.

The broad-line approach has market segmentation as its main competitive weapon. In order to be successful, a publishing company varies the physical characteristics of a book to fit identifiable market segments. An important consideration is that it may have to use production techniques that could limit its bookstore sales. For instance, a publishing house may have to produce books using comb, spiral or three-ring binding. While these types of binding may be required for penetration in certain niches, they are typically shunned by bookstores.

Another question to consider in product strategy is whether the company should introduce new titles. If its backlist is strong, a publishing house might consider new titles to breathe new life into the front list. Or, a book

publishing house could consider such product-line extensions as a study guide, a calendar, a video, or a game based on its best-selling title.

Should the publishing house reposition its product or line? A viable title may become stale even if the information contained within is not obsolete. Then, a makeover may be necessary to rejuvenate the title. This does not always require a new edition. A new cover, a new promotional concept, new markets and/or new uses may work.

Should the publishing house discontinue the product or line? After a title has spawned several offspring, its sales will eventually decline. A distributor may cease to promote the book, and the company may receive more frequent returns. The publisher must then consider whether to cut its losses and take the title out of print.

Selling books at very high discounts, or remaindering, to recoup part of the investment is an option, but not the only alternative. Another way to leverage the investment is to think about creating a publicity event to give away

direct, indirect or a combination of the two. If a publishing company has historically sold its books through chains and bookstores, it has probably utilized some variation of the indirect system, the traditional distributor-wholesaler-bookstore network. Alternatively, a publishing house might market directly to non-traditional or special-sales markets. That company will no longer have to offer the huge discounts demanded by distributors. However, this strategy means that the publishing house is now responsible for all the sales activities previously performed by the distributor. The publishing house's promotional expenses will increase, and it may still need to discount the books. Another publishing house may market its books using a combined direct/indirect strategy. There are many choices. A publisher should evaluate the pros and cons of each before deciding his or her company's distribution strategy.

3. Price strategy focuses on the price selected to maximize sales and profitability. The common practice of book pricing in the United States asks that one multiply the unit printing cost by seven or eight (in other countries, the multiplication factor may differ). However, this maxim can lead a publisher to trouble. There are five major components to consider in determining the retail price of a book. The first three are hard and distinct numbers: direct costs, discounts taken by distribution partners and the profit a company expects to make. The other two components are more intuitive: the goals a publisher has set and the psychological impact a price has upon the prospective buyer. These five factors play upon and interact among themselves much like the ingredients of a recipe. The way a publisher combines them (with a dash of intuition) determines the ultimate price of a product.

Pricing is as much an art as a science because of the impact of a publisher's judgment upon the quantifiable ingredients of the pricing recipe. A discount is fixed when a contract is signed with a distributor, but which distribution system will a company choose? What costs will it allocate to a book and for what time period? How will changes in

promotion affect its costs and sales? Is a strategy of penetration pricing (the lowest price) always better than a skimming (high-price) policy? Will penetration pricing maximize sales and profits? These are some considerations that must be addressed before deciding one's pricing strategy.

4. Promotion strategy, one of the most important functions of marketing, makes people aware of the product and that they need it to buy it. Sales promotion, publicity, advertising and personal selling are four tools one can use at different times to accomplish these goals.

A publisher's task is to determine when and how to use each of these tools to optimize sales. For example, suppose an author is about to conduct a book signing. The signing will be more successful if one precedes it with an awareness campaign. This might include an enlargement of the book's cover featured in the store (sales promotion), press releases sent to the local media (publicity); post cards mailed to prospective customers (advertising) or author appearances in the media prior to the signing (personal selling).

Creating and implementing a successful promotional strategy will be more effective if a publisher matches his or her promotional mix to several factors. The first factor is the title's life-cycle stage. Mass communication should be emphasized if a title is new. Initially, people need to understand why it is in their best interest to purchase the book. Later, they need to be reminded to buy it.

A second factor is the personality of the authors. An author who loathes media appearances might be better suited to a promotional mix heavy in direct mail, publicity and advertising. Other authors may thrive on national exposure and excel in performing on the air and in personal interviews.

A third factor is the nature of one's product line. A list heavy in fiction lends itself to a strategy weighted toward sales promotion, publicity and advertising where mass communication's low cost per exposure stimulates demand most efficiently.

A fourth and final factor is the nature of the market. For instance, a nonfiction title destined for a tightly

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books. This could assist in establishing contacts among people in the media and open the door to future coverage. One can accomplish the same result by finding groups and organizations in need of the books. These could include prison libraries, shelters, nursing homes or hospitals. The good will and contacts one creates will be worth more than the money one would make through very high discount sales, or remaindering.

2. Place strategy refers to the distribution network one designs to bring the books to the ultimate consumers. Careful consideration must be given to place strategy decisions because once made they are difficult to change. In the United States, many distributors require an exclusive agreement that may be cancelled only at certain times throughout the year.

There are three systems of distribution of the product to the consumers:

defined market niche dictates personal communication implemented through a targeted campaign of direct mail and personal selling.

Tactics

Once a publishing house's mission, vision, objectives and strategies have been defined, the next step is to describe innovative and specific actions the staff will take to employ marketing weapons to the best advantage. This tactical portion of a marketing plan creates a list of activities that will apply the strategies to fulfill the objectives. Rarely will historical tactics meet the needs of current titles, so they must be customized to each title and author's circumstances. Each tactic should be specific and include a deadline for the accomplishment of each action. Tactics can be defined for each of the four strategic areas of marketing concentration (*Product, Place, Price and Promotion*).

If a publishing house selects a strategy to expand its product mix, for instance, the tactics would list the actions it will take to do so. The tactics would answer such questions as: Which current titles are candidates for books-on-tape? Does the publishing house need to acquire new titles? If it wants to sell books online, how must its web site be changed? Or, on what other web sites could the publishing house sell its titles?

A publishing company whose place strategy is to continue with the traditional distributor-wholesaler-bookstore channel can plan new ways to work with the distributor's salespeople to help them sell more of its books. One tactic the company might employ is to have its staff attend the distributor's sales meetings to describe its new titles. Another tactic might be to enable the distributor to offer a reward to the sales

person who sells the most books.

Pricing strategies must consider today's competition, customers' buying habits, volume benefits, special sales opportunities, economies of scale and profit objectives. Tactics define unique programs for price reductions or increases. A publishing house could focus on determining the highest price the customer is willing to pay that will optimize revenue and maximize net profit. Its tactics would then test various prices to determine the ideal cost/benefit relationship for customers.

Promotion strategies utilize such tactics as premiums, giveaways, brochures and coupons for generating awareness and stimulating demand through short-term awareness campaigns. They can easily be tied in with other promotional tools.

Publicity, such as press releases and reviews, is perhaps the most economical element of the promotional mix. It increases awareness and credibility



through third-party testimonials. Tactics define what a publishing house will include in its press kit, who it will send the kits to, what venues it will pursue for media appearances, and whether it will hire a publicity firm.

Advertising, including direct mail, can reach many consumers simultaneously, with the same message and with a relatively low cost per exposure. It can

increase awareness of the titles published by one's company and educate people about the benefits of buying those titles. Which titles will the company advertise and in what media?

Personal selling is often the most persuasive selling tool because it allows two-way communication. Tactics for this area include book signings, personal appearances and media tours.

Monkey Traps and Marketing

In formulating a marketing plan, there are a finite number of considerations, but any publisher can create an infinite number of combinations simply by rearranging tactics. A publisher can spend a great deal of time searching for the best combination

A publisher should not be afraid to aim high and set big goals. He or she may need to stop yanking at the coconuts and let go of the past to succeed. Ultimately, a publisher must take action, focus on customer needs, and work to meet them. ❖

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