

Accurate Guesswork

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All publishers would like to accurately forecast their sales. If they knew how, it would be easier to plan business operations and budgets and to make better print run decisions.

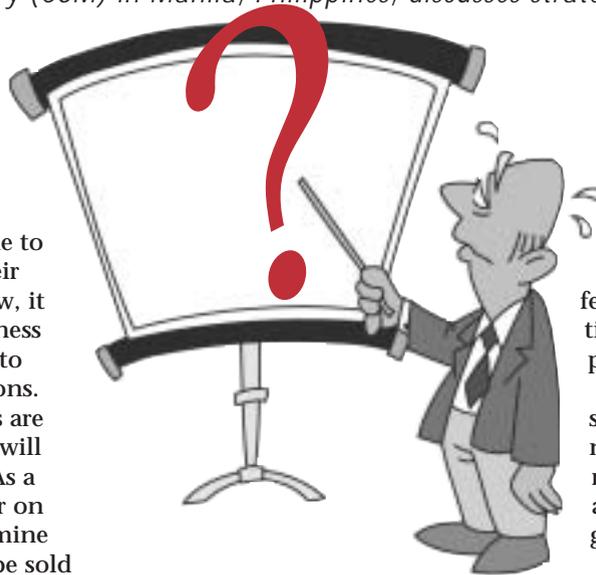
Accurate sales projections are always difficult. A publisher will always miss on some titles. As a general rule, it is better to err on the conservative side. Determine just how many books must be sold to meet the company's financial goals and whether you and your staff can realistically move that quantity of books.

Relying only on feelings is a sure formula for failure. All forecasting should be grounded on strategic thinking. This is a planning process that requires *market research and analysis* (noting both current and projected economic conditions), *evaluation of available resources*, use of supporting or *promotional tactics*, *monitoring*, and *attention to sales history* to make sales forecasts more accurate and systematic.

Strategic forecasting has no "right" or "wrong" answers. There are only good and bad decisions.

Foundational steps

Market research and analysis are steps that should be used for each book. Skipping them not only courts disaster but also guarantees



that the publisher will not learn from either mistakes or successes.

Of course, past success can be a good basis for forecasts. An experienced editor will always publish more books written by a bestselling author than one from a relatively unknown author.

In the Philippines, popular authors from the U.S. are often well received. The Philippines is a price and author-driven market. For instance, when CSM published a John Maxwell devotional in December 2002, it was the season for gift books and devotionals. John Maxwell had visited the Philippines twice already, so he was quite popular. Best of all, he was holding another conference less than a month later.

CSM projected an initial print run of 3,000 copies and estimated that it would be sold in three to five

months. But, it completely sold immediately after the conference (in just one month's time), and CSM found it had to print the next 3,000.

But, not all titles are easily sold with quick returns. With new titles, local authors or curriculum, market research and analysis are necessary to make good decisions.

Study the demographics of your market. How big is the evangelical community? How many churches per denomination and geographical area? It would be good to categorize their economic and education levels and attempt to determine a reading index (what percent actually read books?). This data helps to define what segment of the market you are targeting, the quantities they might buy, and the price ranges for target segments.

For church resources, it is very important to know the number of churches and the socio-economic levels they represent. CSM staff often ask, "Are we aiming to sell among the few affluent congregations or to the vast number of churches in poor or middle-class communities? How many people in these churches will buy our literature, and at what price?"

Try psychographics—in other words, segment the market accord-

ing to buying attitudes, behavior, and material usage. Understanding the consumer's psyche is crucial. A company producing Sunday school materials, for instance, might target two types of users: 1) full-time church workers who like to outline their own lessons and enjoy the challenge, and 2), church volunteers with little spare time, training, or interest in developing their own lessons.

At CSM, we recognize that most Sunday school workers are volunteers. This knowledge not only helps us decide print run quantities, but also helps us develop and design materials.

CSM obtains information from the country's national census statistics and from an evangelical group that surveys churches nationwide. Most of our understanding of our market's psychographics comes from years of involvement in denominational assemblies and various meetings with pastors, church leaders and missionaries. CSM also conducts its own small surveys and focus groups. These are normally conducted when field-testing products or in training workshops.

With the information above, the next step is to consult the booksellers and survey the usual retail channels. Give the bookseller a sample book and suggested price and ask, "Would they order such a product and how many?" Ask sales representatives to gather input and feedback from retailers.

At CSM, we combine both of these approaches for our yearly production of Vacation Bible School material. We often ask retailers to determine the target quantities that will be sold in their locality, since they have a better feel of the consumers' pulse. We also look at each retailer's sales history.

Economic concerns

Price is always a factor in determining if a project is feasible. In the Philippines, the higher the price, the fewer pieces sold—and the longer it will take to sell a print run. To be competitive, publishers lower prices, thus decreasing net income

per unit. The greater the percentage of a print run a publisher must sell to break even, the greater the risk.

Even though most Christian publishers enter publishing out of a desire for ministry, the business side soon occupies a major portion of their time and energy. *Available resources*, to a large extent, govern what we can publish, how much we can publish, and how well we will be able to market our books.

Many books that should have made a profit resulted in loss because the publisher made serious business mistakes. Recognize that profitability or a good return depends not only on accurate sales forecasting, but also on sound management of one's resources.

Market research and analysis can help a publisher make decisions about initial print runs. However, every market has limits. A new book may be popular and the first print run may sell in a short time. Then the publisher increases the next quantity printed, only to find the book moving very slowly.

For some books, the initial and second print runs fill the need and future print runs may not move. Look at the trend in the rate of sales prior to making decisions about future print runs. If the frequency of sales and orders recently decreased, be cautious. Pay close *attention to sales history*.

If an organization is to grow, it must have growth in both sales and net income every year. Growth usually comes from new products.

As a rule of thumb, it is normal to expect growth of about 10 percent per year on a stable product with a stable consumer demand. But, if extra growth is necessary to meet the company's business goals, publishers must rely on *promotional tactics*.

Use tools like publicity, special discounts, endorsements and advertising to generate more sales. When the projected sales for a book are 5,000 copies, but the publisher must sell 20 percent more (1,000 extra in sales), then he or she must plan on making up the difference through tactical efforts—perhaps

reaching out to underserved denominations, or targetting geographical areas that do not normally purchase the publishing house's materials.

Results

When you know your course, all that is necessary for smooth sailing is some discipline in *monitoring* your performance. The publisher's accounting system should be able to track monthly activity on all titles. Reports should be distributed to the sales, marketing, editorial and production departments. Quarterly or semi-annually, heads in these departments should meet and evaluate the causes of the stock movements and failures in the core products, if not all.

With practice, a marketing team can learn to make sound decisions on reprinting titles, canceling non-moving ones and even forecasting print runs of new titles based on market research and previous performances of backlist titles of the same category. Through market research publishers can make calculated risks and intelligent estimates.

However, since markets vary from one culture to another, each publisher must develop his or her own formula. In some countries, forecasting may prove challenging because of fluctuating political and economical conditions. In publishing, as in any other trade, we learn over time. The more we learn, the better we handle our approach. So let me leave you with an anonymous quote I have learned from my sales experience:

The more you learn
The more you will know
The more you know
The more you will use
The more you try and
The more you use
The more you will sell

And if I may add, when you do so, the more you will BLESS.❖