



## Puerto Rico's Christian Bookstore

By Melvin Rivera

*Intermaná is a publishing consulting firm whose motto is "Helping organizations reach the Hispanic world." Learn more at [www.intermana.com](http://www.intermana.com).*

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In the Spanish-language evangelical publishing industry, Puerto Rico is seen as *the* point of reference for Christian book distribution. This beautiful Caribbean island has always been a paradise for the circulation of Christian books. Many publishers have told me, "If a book sells in Puerto Rico, it will succeed in Latin America."

Puerto Ricans are not the "chosen people," but theirs is a country with very special characteristics:

- Its evangelical population is about 30 percent. Most churches are charismatic, with a strong traditional Pentecostal movement, but it also has extraordinary growth among neo-Pentecostal churches.
- Its per capita income is greater than in Latin America, but lower than in the United States. Yet in some categories, the cost of living is greater than that of the United States. For some, this places Puerto Ricans closer to the levels of some countries in Latin America that have lower

income per capita, but also lower costs of living.

- Puerto Rico is one of the places where it is easiest to launch and distribute a Christian book. The island measures 100 miles long by 35 wide. One can cross it from north to south in three hours or even less. Communication with believers is quickly done at a reasonable cost. There are 15 Christian radio stations and 10 television channels, two newspapers and two Christian magazines.
- It is a country where Christians are not an insignificant minority but are very visible. Christian singers are frequently invited to sing on the principal shows of secular television, and the government has invited some to sing at important national events.

### **Changes in distribution for Christian literature**

Puerto Rico has always reflected changes in the Christian book industry more quickly than other countries. In the 1960s, Christian bookstores appeared with great strength, first in the capital and later through the entire island.

By the 1970s there was a solid wholesale distributor (Betania) that had a superstore and distributed to churches and bookstores throughout the country. There were also

strong bookstores such as La Reforma, Don Checo and Librería Evangélica de Carolina. The bookstores multiplied and Betania began an innovative Christian book distribution program in pharmacies, supermarkets, and gift stores. For many it was an ideal situation: the churches grew, the bookstores provided them with materials, and the principal distributor also took Christian literature to the non-believing public through mass-market channels.

There were approximately 150 Christian bookstores: 5 percent were large bookstores, 30 percent medium-sized, and 65 percent small.

Christian literature distribution reached its peak in 1988. That year, the last one I directed the Bible Society of Puerto Rico [<http://www.sbpri.com/>], we were able to distribute 105,000 Bibles—the highest distribution in the history of that ministry.

Christian book distribution was done through bookstores and, to a far lesser extent, through churches. There were very few non-traditional channels and only a few publishing houses (Unilit [<http://www.editorialunilit.com/>] and Betania had distribution in non-traditional channels like pharmacies and general stores.

At the end of 1990s, the panorama began to change. Time became a tyrant. The number of women working outside the home multiplied, but not their time. On arriving home, these women still had to fulfill their tasks as homemakers—and often, those of the head of household, as well. Lack of time made convenience a priority.

### **Trouble in paradise**

At the end of the 1990s and the start of the 2000s, large multinational discount chains from North America (Sam's, Wal-Mart and Costco, as well as Borders, the secular bookstore chain) were established in Puerto Rico. The public began to buy Christian books in the new discount stores.

Last year, of the 150 bookstores that existed in the 1980s, there were only about 75 left. Of those, fewer than 25 are in good financial condition, and only 8 to 12 of them are successful (judging by the promptness of their payments to suppliers). I visited bookstore owners and distributors to find out what happened.

My research shows the market underwent a radical change in the last few years. Evangelicals ceased buying books from Christian bookstores (which were characteristically in obscure, inaccessible, and sometimes even dirty locations). Now, they buy Christian books in the places they visit most often, discount stores.

I decided to test this and began to frequent discount stores. I started with Sam's, found in Carolina, a city characterized by a high density of evangelical churches.

Sam's offered a shelf with over 30 different Bibles and dozens of Christian books, CDs and DVDs in Spanish. The Bibles and books were sold at a discount ranging from 32 to 40 percent.

One bookseller confessed that he bought books at Sam's to later resell them in his bookstore, because it was cheaper than buying it from the publishing house as thus he did not have to pay the cost of shipping from the U.S., where the majority of the largest Spanish [Christian] publishing houses are based.

There are only 3.6 million inhabitants in Puerto Rico, but it has more Sam's stores than [Florida's] Dade (Miami) and Broward (Fort Lauderdale) counties [combined]. On the island there are 9 Sam's and 9 Wal-Mart stores, for a total of 18 sales centers. In contrast, the south of Florida with a similar population (about 4 million, per U.S. census figures [<http://quickfacts.census.gov/>]) has only 2 Sam's and 3 Wal-Mart stores. (Wal-Mart announced that it will soon open more retail outlets).

### **How bookstores responded**

Some voiced their complaints to the publishing houses. Others stopped buying the books of those that sold to these chains (but were unable to sustain their boycotts because the most important Christian publishing houses sell to this channel).

The distribution [Christian] publishing houses have through secular channels is now larger than that done through Christian bookstores.

Michael Hyatt, president of Thomas Nelson [<http://www.thomasonelson.com/>], which includes Spanish-language books in its Grupo Nelson brand [[www.gruponelson.com](http://www.gruponelson.com/)], wrote in a recent article [[http://www.michaelhyatt.com/fromwhereisit/2006/12/why\\_bestseller\\_.html](http://www.michaelhyatt.com/fromwhereisit/2006/12/why_bestseller_.html)] on his blog [<http://www.michaelhyatt.com/>] that in Thomas Nelson 34 percent of sales come through the Christian bookstore channel, 21 percent comes from secular bookstore chains (such as Barnes & Noble, Borders and Books-A-Million), and 15 percent comes from mass market channels (such as Sam's, Wal-Mart, and Costco). He estimates the percentages for other publishing houses are similar.

### **How distributors reacted**

Wholesale Christian book distributors have also faced a crisis. The publishing houses, which previously sold only through distributors, began to sell directly to bookstores, sometimes offering them greater discounts than they offered the distributors, and providing free freight (from the U.S.). With such a drastic change their sales dropped even more and some distributors began to give preference to publishing house that did not engage in such practices.

On the other hand, the beleaguered bookstores, facing competition, stepped up their attendance of Expolit [[www.expolit.com/](http://www.expolit.com/)], the annual [Christian

Spanish-language] book fair held each year in Miami, hoping to buy the most necessary titles at great discounts and with free shipping. The other titles they purchased in small quantities from the local distributor, who likewise was simply trying to survive.

Some distributors followed suit: they complained and stopped buying and distributing the books of certain publishing houses. Others sought fresh opportunities elsewhere and adapted to the new circumstances. Two distributors have taken advantage of the fact that Borders, the secular bookstore chain, is buying from local sources. They are providing books to them. One of them confessed that this, along with sales to drug stores and hospitals, saved their business. The question is, how long will this bonanza last?

### **Conclusion**

The “multiple channel” strategy has positive and negative results in the Caribbean island. For buyers it has been positive. They are happy because in a single trip they can purchase, at a discount, food, electronics, clothing, articles for the home, medicines, perfume—as well as Bibles and Christian books, CDs and DVDs. In a country with economic tension, savings are not just important, but essential.

For the publishing houses it has been positive. From a ministry point of view, there are greater possibilities for reaching the public with the Gospel at Sam's than in a bookstore that does not always have adequate levels of inventory, or a good location. From an economic perspective, it is more likely that a book will reach the break-even point (where income covers expenses).

The editor of a large North American publishing house once told me: “Two of every ten books are financially successful, two cover their costs, and six are published at a loss. The challenge for publishers is to

have 50 percent of their titles cover expenses”.

Many publishing houses have responded that the reason why these channels sell less expensively is that they cover their operating costs with a smaller margin (similar to Internet stores) and that they do not sell the entire book line of all publishing houses. Some of these stores have only a ten percent margin to cover operating costs and still generate a profit.

Larry Downs, director of Grupo Nelson, [at one point] explained it this way in his [blog](http://www.larrydowns.typepad.com/) [http://www.larrydowns.typepad.com/] for booksellers:

There are five reasons why consumers buy books: *price, experience, service, selection, and product knowledge*. Sam’s (and other discount stores) are responding to two of these; we all know which ones. Can you fight them? Not really, but you can on the other three. This is where you and I enter as experts in product knowledge and selection. This is where you can really make a difference. We must respond to consumers by mastering these other areas.

Other publishing houses, and the Spanish Evangelical Publishers Association (SEPA), have reinforced their efforts in management training for bookstores to become more professional. Even so, bookstore managers feel that this medicine is not enough to revive a dying patient. One told me, “it is like shooting someone in the foot and then handing them a Band-Aid.”

For Christian bookstores, many of which are managed without professional experience, the new realities have been a disaster. Some are discovering that the root of their

problems has to do with the place where people buy their products. This began in the year 2000, but it is only now that they clearly see the devastating effect [of changes in the marketplace].

It is noteworthy that the Christian bookstores in Puerto Rico that have a good location (almost always in commercial centers) and a good product strategy, as well as good service, are the ones that are surviving this drastic change.

The country, which used to be a paradise for Christian booksellers, is now the place where it is easiest and cheapest to buy Christian bestsellers. It is the place where Bibles and Christian literature are most accessible to the non-Christian public. But it is also the place where traditional Christian bookstores are well on their way to becoming history.

Christian bookstores have a great challenge. As Michael Hyatt [wrote](http://www.michaelhyatt.com/fromwhereist/2006/12/why_bestseller_.html) [http://www.michaelhyatt.com/fromwhereist/2006/12/why\_bestseller\_.html],

If Christian booksellers are going to prosper, they have to get back in the game. They can’t adopt a protectionist posture and hope to compete. They desperately need more customers. They need to stop merely trying to hold on to the customers they have and start going after the customers they don’t have. There’s a whole world to be reached. This will only happen if they help make Christian books more visible in the general culture. When people experience the value of Christian literature, they will want more. However, they can only get so much of it in the general market. Eventually, if they get hooked on it, they will find their way to a Christian retailer, where they can

find a broader selection of the books they want to read.

There is no doubt that people have changed their buying habits and bookstores and publishing houses must take this into account. Bookstores must recognize that they cannot live in the past; they must adapt to the present. Publishers must consider that change brings great risks if they allow the [distribution] channel to control their mission.

I recommend that bookstores:

- Identify the book and product categories not sold at [mass discount] stores, and highlight them.
- Sell the bestsellers those stores sell at a discount. Ask the publishers for help so you can stock these titles in your stores.
- Identify the weak areas of your new competition and shore up those areas in your store.
- Study your location and analyze how convenient it is for clients to buy from your store.

For publishers I recommend:

- Clarify whether your most important mission is to make money. I am not saying you should not try to achieve

your financial objectives, but rather that you must take care that these not cease being the means and instead become the mission [of your organization]. Of course some publishing houses, because they belong to investors, will have profits as their priority.

- Consider that the multi-channel strategy will bury some channels and can lead you to produce titles that are sought after in the new channels, increasing your dependence on these. Mass discounter Wal-Mart has led many firms to bankruptcy because these, on modifying their strategies to meet the demands of this giant, lost millions of dollars and besides their leadership [position] in other channels. If the mission of the publishing house can be accomplished with this change... go forward, but reflect on how to reach more people without having the risk that the channel will determine your mission.

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