



E-commerce for Publishers

A Simple Guide

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This guide is intended to provide basic information about supply chain e-commerce and to enable publishers to take advantage of the many benefits this can bring to their business and to their trading relationships

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ABOUT E-COMMERCE

What is e-commerce?

E-commerce is a fully auditable alternative to the exchange of paper documents by post or fax and enables all your communication with your customers to be done by electronic means, minimising the risk of errors and delay by reducing the amount of keying and rekeying in the process.

E-commerce is sometimes used to describe online sales from a web site to a consumer. Although this is an efficient use of technology to make sales automatically, the focus of this document is on business-to-business (B2B) electronic trading.

Why should I do e-commerce?

Because affordable and simple-to-use technology is now making the use of paper documents obsolete and prohibitively expensive. With a computer you can carry out many business functions without the retyping of critical information and transmit this information in seconds. Publishing and bookselling face enormous challenges and must respond to them by eliminating unnecessary costs and increasing business efficiency. You will come under growing pressure from your bookselling customers to trade electronically as time goes on and, though it may be painful in the short term to develop new ways of conducting your business, the benefits will soon be apparent: less time taken up with paperwork, lower costs, fewer errors, quicker transactions, a better service for your customers and more sales.

How ready am I to do e-commerce?

Maybe more ready than you imagine. If you have a contract with a third-party distributor, it's more than likely that your distributor already does much of the supply chain e-commerce on your behalf. Most reputable distributors already have established electronic trading relationships with all your major customers and that is part of the service you pay for.

But be warned: some of the smaller distributors run old-fashioned systems which don't do e-commerce. Realistically, it may take some time for them to make the necessary investment. Perhaps you should think about moving your distribution to one of the bigger and better capitalised companies.

So should I outsource my distribution?

You will have to do your own sums. But there is a real risk that, if you try to do your own order processing and distribution using manual and paper-based

systems, you will find yourself squeezed out of the supply chain. Major customers will increasingly require electronic trading as a condition of doing business; or penalise you financially if you can't or won't.

Many smaller publishers have successfully and cost-effectively outsourced distribution, either to third party distributors or to wholesalers. This has enabled them to focus all their resources and efforts on core publishing activities, leaving distribution to be handled by experts with established systems and electronic relationships with all your major customers.

What business functions are affected by e-commerce?

All the main business functions that involve communication with your customers. For publishers who outsource distribution this may amount to little more than sending product information to data aggregators and key customers in electronic formats. If you self-distribute, you need to be able to receive and process orders electronically; send order acknowledgements and delivery notes if required and generate invoices and credit notes. You may also need to receive and process returns requests following the rules of the Industry Returns Initiative (assuming you offer books on a sale or return basis). Each of these business functions is addressed in the next section.

How should I assess my e-commerce needs?

The first question to ask yourself concerns the number, nature and size of your trading partners. As a small publisher you are likely to want to sell your titles through as many channels as possible, not just to small booksellers. Many of your trading partners will be major chains or substantial organisations, very possibly international or overseas companies. Nearly all of them - wholesalers, library suppliers, bookselling chains and large internet booksellers - will be capable of trading electronically and will want to do so with you. Their view will be that the more electronic trading that occurs in the trade the lower the costs and the greater the benefits.

Then you also need to review all your business processes to assess how you are going to integrate e-commerce into your business. Here you have to consider both the efficiency of your own business and the requirements of trading partners. E-commerce is all about communication, but the ideal objective should be to set up systems internally which help to make your business more efficient at the same time as satisfying the demands of your customers. For example, you should try to set up a process which enables you to receive orders electronically and then use the information in the orders to create acknowledgments, delivery notes, invoices and credit notes – without rekeying. This is perfectly possible with the main web-based e-commerce services.

Am I too small to worry about e-commerce?

If on the other hand, you serve specialised niche markets through a very limited number of customers, or you sell direct to the public through your web site, or you sell to schools or institutions, there may be little pressure on you to do e-commerce. Talk to your customers and find out what they want. Keep in mind that there will be increasing pressure on you in the future to trade electronically so a trading partner who may not currently order electronically may have plans to do so in the near future.

Can I use my existing systems to do e-commerce?

This depends on your existing systems. If you have a reasonably modern publishing system, it may be able to connect to an e-commerce service. You should talk to your systems supplier about this, bearing in mind that you will need to integrate with the systems operated by your key trading partners. Unfortunately, it's quite likely that you will have a number of different systems fulfilling particular functions within your business: a publishing management system, a production system, a product database, a generic accounting package, and so on. To do e-commerce you may well have to invest in additional systems and services which don't relate to others you have in use. So, it may be a major task to rationalise the systems in your business, evaluate what they can and can't do, and take out wasteful duplications of effort and cost.

It may be worthwhile taking the opportunity to review all your systems and procedures and maybe invest in new systems if you can afford to or review the outsourcing of distribution functions. If you do decide to invest in a new system, make sure it is e-commerce capable. Some systems suppliers continue to sell partial or obsolete systems: avoid them and take advice. Be sure to ask about a system's e-commerce capability and ensure it can accommodate all the business messages required for e-commerce with your trading partners. Some suppliers will say they can do e-commerce but are then unable to handle all the necessary messages. It would be worthwhile ensuring that your system supplier is accredited under the BIC Supply Chain Excellence Awards scheme.

What equipment do I need?

That will depend on the size of your business; but the assumption is that you have a computer with access to the Internet via a broadband connection. Be sure to use appropriate security software (a firewall and a virus checker). A number of useful e-commerce services can be accessed without further investment, though as your business and your electronic trading increases you will need to keep both equipment and the services you use under review.

If you use a Mac within your publishing operation, you should be sure that it can run supply chain applications. Most systems – but certainly not all – have Mac versions.

Will e-commerce save me time and money – or will it just help my trading partners?

It should do both. E-commerce will save you time and money. It should improve your business efficiency and speed up the service you give to your customers. It will also help to improve your relationship with key trading partners and could lead to them being more willing to stock your books in future.

What cost-savings could I expect to see when I have implemented e-commerce?

This depends on the systems you implement and your procedures, staffing levels etc. Most publishers who use e-commerce believe that it saves them several hours a week in staff time in receiving orders, generating invoices, authorising

returns and processing payments and remittances. It also helps to reduce errors and enables you to handle larger volumes at lower cost.

How do I start?

Talk to as many people as possible: trading partners, especially chains and wholesalers, your systems provider (if you already have one), the IPG, other trade bodies and publishers. Develop a strategy for addressing the parts of your business which cause most difficulty or aggravation and where the quickest wins can be made. There is information on the Book Industry Communication (BIC) web site; and you should investigate the solutions offered by batch.co.uk and PubEasy among others.

The government is committed to expanding e-commerce usage throughout industry. Go to <https://www.gov.uk/> for more information.

E-COMMERCE SERVICES

What services will I need?

If you are a small publisher, most of your e-commerce will be done using a variety of off-the-shelf trade services. That's in addition to the computers and systems you already operate. In this section you will find references to most of the services which you should consider using in your business. For example, you will want to subscribe to ordering services (such as TeleOrdering or PubEasy). If you want to send invoices and credit notes, batch.co.uk has an affordable option for small publishers. There is a growing trend towards integration of these services: you should talk to the organisations and find out what their plans are before you commit yourself to any one solution.

Can I integrate these services with Sage accounting?

This is one of the biggest problems for smaller publishers who have invested in Sage or one of the many other generic accounting systems available in the marketplace. These are invaluable to run your business, but they do not necessarily integrate with e-commerce services; and they may not recognise book trade identifiers such as the ISBN. This means that you may have to enter manually the transactions which take place on your other systems. Integration with the more popular accounting packages is a high priority for many of the service providers and they may have solutions to offer. Batch.co.uk has experience of integration with Sage Line50. Alternatively, if your business is growing, it may be time to consider moving to a publishing system.

Why send product information electronically?

Without accurate product information being available to your customers you will lose sales. Although you can't be sure your bookseller customers are accessing the best and latest information, it is in your interests to ensure that your product information is as correct and up to date as it can possibly be. Sending the data to data aggregators (such as Nielsen BookData and Bibliographic Data Services), as well as wholesalers and major customers in an electronic format is the fastest and

most reliable way of putting information about your titles into the supply chain with the minimum of delay. Once the book is published, most distributors now expect to send price and availability changes to Nielsen BookData and others in electronic format every day.

Before publication, you are responsible for the accuracy and completeness of the information about your titles. It makes sense for you to hold this information in electronic form, e.g., an Excel spreadsheet or an Access database, which after consultation with the data aggregators you may be able to use to update their databases. There is software available which can convert Excel or Access into ONIX, the industry's standard means of communicating product data; or you may be able to buy a publishing management system which stores your data and outputs ONIX messages. Note, however, that any message you propose to send must be tested by the recipient before you use it to make sure the transmission works and to validate the quality of the data you send.

What's the best way to receive orders?

You will want to receive orders in any form your customers may use! However, booksellers already regularly send high volumes of electronic orders, many of them through the TeleOrdering network. Investigate the PubEasy service: this gives you a web page of your own from which booksellers will be able to send you electronic orders.

Can I send order acknowledgments and delivery notes?

Not all trading partners use both these messages, so you may want to check this with them and use them selectively. The purpose of the acknowledgment is to identify which parts of the order you are unable to supply or where the price has changed.

Some booksellers use the invoice as a delivery note (as the content is similar).

Can I supply invoices and credit notes electronically?

You can key invoice details into a service provided by batch.co.uk. It may be possible to post these directly to certain generic accounting packages: ask the providers for details. Note that the customer does need to have access to the same service as you are using.

Can I post remittance advice notes directly to my accounting system?

Batch.co.uk can integrate with several accounts packages and can post remittance data to the appropriate account. You should talk directly to Batch to clarify requirements and costs.

Can I authorise returns electronically?

Electronic returns requests and authorisations are a central part of the Industry Returns Initiative, which aims to standardise returns policies across the industry. Under this initiative, returns requests are submitted according to standard acceptance parameters programmed into distributors' systems. Batch.co.uk, which already provides a returns authorisation service to booksellers, offers a service which enables smaller publishers to receive returns requests online. You

will then be able to respond electronically and participate in most aspects of the industry initiative.