

What Does Amazon's Decision Really Mean?

An interview with Jerry D. Simmons, regarding the far-reaching implications of Amazon's recent announcement that any small press or print-on-demand publisher doing business with them would need to print books through their publishing arm: BookSurge. Jerry is a former Executive with the Time Warner Book Group who left there in 2003 to build one of the leading social networking sites for Independent authors, NothingBinding.

What's the real outcome going to be from this Amazon decision?

The publishers impacted will follow the demands of Amazon and print their books with Book Surge. The wider implication is that Amazon strengthens their position with these publishers and creates a monster with their vertical integration. This leaves each one of those publishers vulnerable to new demands by Amazon. What's next? Higher discounts. Right now these publishers have been forced to change vendors, it might have cost them a bit more money, but remember, they market to writers not consumers. So if they are unable to place their authors' books on Amazon, it looks bad in the eyes of their customers, the writers. These publishers don't have the courage to say no and take a stand. And it's not about the fact they sell a ton of books on Amazon, it's about their customers' view of them and their ability to market their own books.

How do you predict the long-term effects of this as it relates to the small author and publisher?

The long-term effects for the author and publisher are devastating. With Amazon strengthening and securing their place in the distribution and sales channel, they can do anything they want. The next move will be to squeeze these small authors and publishers for placement fees, advertising fees, and eventually higher discounts. When you give in once, it never stops, this is the way of the publishing world and booksellers. It will get to the point where they start to lose money on each book sold. Only then will Amazon back off, but you can bet they are going to push authors and publishers to the wall and take every possible nickel out of the equation.

What can an author/publisher do to "fight back?"

Draw the line with this decision, pull their books from Amazon, create a new online market for selling their books, a central location for all self-published, print-on-demand books that has no alliance with any publisher or printer. Again, it's not about selling books, it's about how they are seen in the eyes of their customers, the writers. They are concerned about their own pipeline for new business drying up and that is much more important than giving in to Amazon's demands. Each one of these publishers could switch all their allegiance to B&N.com today, but they haven't, and the reason is that in the eyes of the writer, they feel they must be on Amazon to be successful. Short term it hurts business and they are more concerned about that than the longer term impact which is going to be a continual erosion of their profit margin.

What alternatives do authors and publishers have besides selling their books on Amazon?

It's time for the self-published, print-on-demand companies and small publishers to begin creating their own marketplace, totally and completely separate from all the online platforms that sell their books. I strongly believe that the website NothingBinding is a solution, and for full disclosure, it is a site that I founded. But here is the key, if you are not part of the traditional world of big New York publishing, from which I spent 25 years, then authors must realize it is fruitless to continue to struggle to become part of something dominated and controlled by the largest publishers in the world.

Amazon is clearly inside the traditional world, and they are setting restrictions on anyone outside that wants to be part of their world. This will never end! It's time now to create your own community and establish a voice in the marketplace. I'm confident that Nothing Binding can fill that void, becoming the community and voice for Independent publishing. The name alone signifies a non-alliance with any publisher or printer. A social networking website that allows authors free placement of their books with links to outside sources is a perfect way for authors to separate themselves from the traditional world of big publishing; in fact, it's the only way to create a market and achieve increased sales they so desperately want and need.

Do you think this was a bad decision on Amazon's part and if so, why?

Obviously Amazon weighed the profit from the sales of all these POD books versus the additional revenue of printing AND sales. They made a calculated gamble and it appears they have been right. Now there is no stopping them on their demands. It won't happen overnight, but they will make new rules and continue to do so until it negatively impacts their own revenue stream. Giving in is a monumental mistake for the author and publisher, if the POD companies had taken a stand against the decision and risked short-term profits, they would have been much better in the long term and more respected by their own customers in the marketplace.

Why do you think Amazon did this only for the print-on-demand books and not books that are offset printed? They claim they did this so it would be

easier for them to marry books with other products that customers wanted, combine the package and shipping for convenience and cost savings. What about all the other books that are offset printed? They have the same problem with marrying books and products, but they don't own an offset printing company, yet! If I was running any company that does a substantial amount of business with Amazon and saw what they were doing with books, I'd keep a close eye on what other parts and manufacturing companies they purchase. Vertical integration in this case is good for Amazon, no, great for Amazon, but bad for the publishing business and possibly very bad for other product lines sold on Amazon.

Since AuthorHouse/iUniverse and Lulu have signed the contract with Amazon, does this change the playing field for the other publishers, or is it irrelevant (and if so, why)?

With Author House and Lulu agreeing to Amazon's demands, it puts pressure on the other companies to follow suit. None of these companies can risk their own business drying up and even though it's doubtful they lose a ton of sales if they dropped from Amazon, it would be the negative perception their own possible customers would have, i.e. the writer, and of course their competition would use this as leverage in their own marketing as "being the one company still doing business with Amazon." These writers don't really understand the implications, yet, all they see is that their books are or are not on Amazon for sale; that's all they care about.

In the survey of writers I completed long before NB was started, I found that virtually 98% felt they must have their books on Amazon, and clearly 70% hated the fact they had to give a 55% discount to them. When asked if Amazon went away tomorrow, how much would it impact sales, only about 15% felt they sold enough books on Amazon to make a difference. They must be there, they hate being there, yet it doesn't really make a big difference, so what's the point? Once Amazon raises the effective discount, or asks for ad or placement fees, and the publisher passes this along to their authors, they might wake up. But who knows, right now, all the author cares about is making sure their books are still listed and for sale on Amazon.

Fighting back should be done gradually and not a knee jerk reaction. I think if these authors and publishers set a deadline for Amazon to reverse their decision or else they would pull all books, they could get positive media attention to this, they will have capitalized on this in a way that would draw attention to them and their books, and in the long run they would be out from under the thumb of a very big online retailer. The analogy I use is that if the U.S. had been serious about alternative fuels back in 1973 during the oil embargo, we wouldn't be in the mess we are today, 35 years later. Of course you can't compare oil to books, but the fact remains, this cave in to Amazon is a very steep and slippery slope and it won't take anywhere near 35 years for them to realize their mistake, maybe 35 months!

If authors seek out other platforms to sell their books – how will they compete with the "comfort level" consumers feel with Amazon?

There is no way to compete with the comfort level of Amazon and that of course is a problem, but a short-term one. Solutions will create short-term discomfort, but I strongly believe people buy books on Amazon because it's all they know. If there was a viable alternative, then I think consumers would welcome it. The responsibility is on the shoulders of the publishers to counter this strategy with cover price discounts, until the consumer starts to feel comfortable again and then you can readdress the price issue.

These publishers will have to make some short-term concessions to attract their consumers, but it beats what they are going to have to endure when they cave to Amazon. There is no easy solution, there is no silver bullet that will make everything okay tomorrow, there will be some issues that have to be worked out, but if all these authors and companies would combine forces, create a new online market for themselves and their books, in 35 months they will be glad they did. Eat it in the short term for long term gain—that is the answer to the Amazon problem. Because Amazon is going to do nothing in the future to help the POD companies' bottom lines, they are going to continue to eat away at their margins in a number of ways while at the same time squeezing them on price and discount. It's a no win situation for the authors and publishers and it doesn't appear that they really realize the situation they put themselves in by giving in to Amazon's demands.

About the Author

Penny C. Sansevieri, CEO and founder of Author Marketing Experts, Inc., is a book marketing and media relations expert whose company has developed some of the most cutting-edge book marketing campaigns. Visit [AME](#)

Source: www.isnare.com

Source: <http://articles.exospy.com>