

Publishers need to take a far more creative view than in past years of their supply chain strategies and examine how best to establish viable commercial models that can be flexible enough to cope with new channels to market. And publishers should not be eyeing the relatively new 'e' kids on the block with suspicion, but wondering what will be the next stage of development for the e-retail supply chain—and how they can exploit such changes.

A simple analysis of the current supply chain structure that gets a printed book to the customer suggests that this can, in some cases, easily involve seven different journeys from overseas print facility to ship, publisher's premises, wholesaler, e-tailer's warehouse and carrier's hub before reaching the customer. All this movement of product could involve six road vehicles, five different buildings and a whole host of expensive handling.

Forecasting demand and dealing effectively with excess stock is one of the perennial issues facing the publishing world. Typically, book sales begin on a mountain top and fall sharply after a short period. Many publishers forecast book sales on past sales by the same author, or type of book. However, reality can often play

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## Finding the balance

Simplifying the process, says **Andy Keith** of consultants Total Logistics

cruel tricks, creating far more rapid decay in the post-launch period, leaving pallets of books taking up expensive warehousing. And if books are not sold once they reach the shops, the returns process is significantly expensive.

Granted, while there have been several laudable initiatives to address this problem, little substantial progress seems to have been made in this area. Dead stock is almost always an issue at all stages of the publishing supply chain from publisher down to wholesale and retail. Our experience in the book market also confirms the huge influence of culture within an industry. While most other sectors find the issue of product disposal relatively simple to address, some retailers often hang on to books for purely “emotional” reasons. This ingrained reluctance to dispose of old stock has created a millstone around the industry's collective neck.

The industry needs to look at simplifying the distribution system and taking steps out of the chain. This can involve new business models, with new partnerships being formed. Across different publishing media, this is happening at varying rates, driven by the take up of on-line alternatives. In an environment where the shelf stock of a title may only be one copy there are also huge benefits to be gained by focusing on improving accuracy.

As publishing businesses consolidate, they run a risk of adding complexity to their business by parallel operation of legacy distribution sites. Our work with two major publishers has clearly shown how consolidating distribution sites to a central, efficient location can pay significant dividends. For example, our work with Oxford University Press resulted in the publisher consolidating warehousing operations into a single site, which significantly reduced the business's fixed costs, and also improved its supply chain efficiency in a single move.

Like all challenges, the solution lies somewhere in finding the right balance between efficiency and flexibility for a changing market. Looking ahead, one of the big areas for development concerns supply chain collaboration. There are huge opportunities here for more integrated management systems and sharing of physical resources. One thing is certain - uncertainty is here to stay.

**Andy Keith:**  
“Uncertainty is here to stay”

