

A Study of Independent Bookshops in South Africa

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Abstract

This research report looks at independent and informal booksellers in Gauteng and the North-West. There has not been research done on independent bookshops and bookselling in South Africa. It is an important section of the market both in terms of selling and buying.

Information regarding where people buy books will assist publishers and other industry role players to improve distribution and make it easier for these sellers to obtain books from the publishers. The terms on which they buy needs to be addressed as this research study looks at the obstacles they face in getting stock as well as the discounts they receive. In terms of selling, the South African Book Development Council's report in 2016 showed that there is a potential market of book buyers who are not currently buying books, but they would like to. Access was one of the major obstacles they listed. Books are not available where they live and work, and this makes it difficult for them to obtain books. Independent and informal booksellers can bridge this gap. This will solve both the issue of buyers obtaining books as well as boosting sales of books, which will benefit publishers and booksellers alike.

List of key terms

Bookshop

Physical bricks-and-mortar shop that sells books to customers.

Bookseller

Can be the person that sells books in a bookshop, but a shop or informal seller can also be referred to as a bookseller.

Distributor/ distribution agent

Publishers use distributors to manage their stock. These distributors have warehouses where books are kept and sent from. Most publishers do not have the space to warehouse their own books.

Informal Bookseller

This is someone that sells books in an informal manner. They do not have a shop as such but rather a stall at a flea-market or sometimes directly on the pavement. Location is usually not permanent and can change.

SABDC

South African Book Development Council

SOR

This stands for sale-or-return. Publishers make arrangements with bookshops to supply them with books on an SOR basis. This means that the shop can return the books for credit after a period of time, usually 3 or 4 months, if they do not sell. This arrangement is usually reserved for large shops or chains that places a large order. Small shops do not usually get offered this arrangement.

Street vendor

Someone who sells products on the street.

Supplier

This normally refers to the publisher or their distribution agent.

Chapter 1: Introduction

Purpose

Why are independent bookshops and informal booksellers important?

Reading levels in South Africa are low. A contributing factor is the lack of access to reading material and growing up in a print-poor environment. Some 64% of schools do not have libraries (*Progress in International Reading Literacy study*, 2016). This study looks at how independent bookshops and booksellers are bridging the gap and giving access to reading material to people who have previously not had access.

The study will further include informal booksellers such as street vendors and shops that sell other things, such as nappies, with the books. This is an untapped market of which most publishers are not aware or do not know how to access. It would be a positive for both the sellers as well as the publishers if more information were available and shared so that both could benefit.

Unemployment is a major problem in South Africa. Informal bookselling is a way of entrepreneurship and creating employment. Independent bookshops are also retailers so they create employment for the staff they employ. However, the working conditions are challenging and salaries in some industries are low (according to personal interviews with booksellers known to the researcher).

The purpose of this study is to look at the current state of independent bookshops in South Africa.

The factors this study will examine and include are:

- Why did the owner open a bookshop and not another type of business?
- Whom are they targeting, or whom do they see as their customers?

- Are their customers who they expected?
- How do bookshops identify their customers?
- What genres do they focus on and why?
- Are the genres they thought would sell, indeed selling?
- What are the running costs of a bookshop?
- What marketing strategies are used and why?
- Are these marketing strategies successful?
- What are the challenges faced in terms of finance and administration?

The purpose of the study is to identify the independent bookshops, to look at where they are located, who are their customers and what are they selling. This is important, as the publishers would like to know where they could expand their market. It is also important for the public to know where to access books and which books are available where.

The South African Book Development Council (SABDC) has done research on reading in South Africa. Their report does not include specifics about bookshops. They used statistics provided by publishers. These statistics are not accurate since not all publishers participated or provided all the information. According to this information, chain booksellers make up 28% of sales, while independent and other booksellers make up 23%. Since independent bookshops make up almost a quarter of all booksellers, this justifies more research.

Book sales play a significant role in the South African economy and it is important to understand it better. The turnover of trade book sales increased from R715 680 in 2015 to R764 403 in 2016. That is 7% growth (SA Book Council, 2017). It is also a growing market with the potential to grow even more. That is why studying independent bookshops and their part in the sales is important.

Even though there is a growth in the market, the book market remains under a lot of pressure and financially the country is in a recession, so the researcher hopes to gain some insight on how economic uncertainty influences the bookstores. The researcher is further interested in

looking at how the competition from the large chains influences the independent bookshop. Larger chains buy larger volumes, which gives them larger discounts from publishers. This is a major advantage as they can resell books at a lower price than small, independent bookshops.

There have not been any studies done on the independent bookshops in South Africa. The information from studying independent bookshops will be useful to publishers. It can expand their sales and distribution and give them information on how to access the independent bookshops.

Content

The content of this study will consist of semi-structured interviews with 11 independent bookshops and informal booksellers from around Gauteng and the North-West, using a set of pre-prepared questions. The questions will include subjects such as: How did they get involved in bookselling? Is it worthwhile for them? What challenges do they face? Who are their customers?

The study will also include information from the major distributors regarding their supply policies. These include account applications and terms, discount structures as well as policies on returning stock.

Main research problem

The main research problem is to identify the challenges and opportunities the independent and informal booksellers experience in terms of running of the business.

Research questions and objectives

The research questions will aim to identify the challenges and opportunities that independent and informal bookshops experience in the daily running of their business. This will include financial aspects, marketing, choosing the correct stock and stock management as well as locations and aspects of the ideal retail space.

The research will be conducted by using pre-prepared questions that will be posed to 11 respondents in an interview. Questions are designed to be open-ended and to not lead to elicit responses that are unrestricted.

It is important to understand the situation in which independent bookshops find themselves. Publishers will benefit from the research because they can gain an understanding of the position in which independent and informal booksellers find themselves. This information can help them to expand their supplier base. They can work with these booksellers and expand the market. They can get their books to more booksellers and sell more. This is ultimately what publishers aim for. There may be opportunities for more people to start bookselling businesses. This creates employment and will have a positive effect on the lives of people who are currently unable to find employment.

Assumptions

The assumption is that chain stores dominate the market and that there are very few independent bookshops in existence now. Publishers do not supply all the independent bookshops and informal booksellers because they do not comply with the required standards, such as formal business registrations and premises. Pricing and competition in tough economic times seem to be the factors that have forced many independent bookshops to close their doors. These independent bookshops could not compete with the large chains in terms of pricing and marketing (Miller, 2006).

There has not been formal research done on independent bookshops and informal booksellers in South Africa. The study will proceed on the assumption that, at this stage, the research done on the challenges facing independent bookshops in the United Kingdom (UK) and the United States of America (USA) will have similarities to the local market.

“While there may have been several factors contributing to the independents’ decline in the UK and the USA, it seems that the primary cause was the rise of chain bookshops. Waterstone’s in the UK, and Borders and Barnes & Noble in the USA, would open bookshops in close proximity to independents and offer features that independents could not always compete with” (Li, 2010.)

There are several second-hand shops, some online retailers like Takealot, and eBook-sellers in South Africa. There is not much research regarding the number of sellers, what they sell and who their customers are. This will not form part of this study. This study will focus on new books sold through physical shops and informal traders (Struik & Borgstrom, 2012).

Chapter 2: Literature review

Introduction

There is no research on independent bookshops and informal bookselling in South Africa, but there is some research for the rest of Africa and internationally. The study aims to find out how independent and informal booksellers operate, what their challenges are and why they are important to publishers. The study will further look at what sets them apart from larger chain bookshops and what they have to offer to the customer that is different and unique. The role of publishers is also very important. They are the key to access to books and how books get from them to the end-user is where the booksellers comes in. This is an indispensable part of the chain and it needs further investigation and understanding.

Book buying/owning books and literacy and access to books

There has been quite a lot of research done on reading and the role of books in the South African context. It is important to understand who will be buying the books to understand what is published and where and how it is distributed. This research provides background to the importance of bookselling, and giving people wide access to books.

Zhou and Salili (2008) argued that “[i]t is not surprising to find that the number of children’s books at home and the frequency of buying books and reading to the child were positively correlated with children’s intrinsic reading motivation”. This finding agrees with Pretorius (2014), who found that in schools in South Africa, reading for pleasure is not common. The lack of reading for pleasure can be attributed to a few factors: literacy rates are low in disadvantaged communities, the environment is not print-rich, only 27% of schools has their own libraries, and books are not available in the native language of the child (Pretorius, 2014).

In South Africa, many parents are illiterate, which makes it difficult for their children to access reading. It can be assumed that if the parents in a household are illiterate, there would not usually be many books, magazines or other reading material in the home. Even in many schools, books are not commonplace. There are some textbooks, but storybooks and other reading material for leisure are scarce (Pretorius, 2014).

Access to books and book buying in South Africa

Although reading does not equate to book buying, it is related as access to books promotes reading. Access is related to book buying, to an extent. The research findings in this study show that there is a potential market in South Africa that is not being reached. These findings are important to take note of, especially for publishers. They need to ensure that books are getting to the independent bookshops and informal booksellers who are located close to the areas referred to.

According to the *National Survey into the Reading and Book Reading Behaviour of Adult South Africans 2016*, 16.6 million people currently read, 2.9 million are considering reading and 18.7 million are not considering reading. The group who is considering reading is important to the researcher in this study, since they are the potential book buyers. The researcher hopes to discover why they are not reading or buying books if they are clearly indicating that they are interested in reading. The 18.7 million who are not considering reading is a worrying statistic. The reasons they are not considering reading needs further investigation. This falls outside the scope of this study.

This research indicated that for 22% of the respondents, the easiest to find was a barrier to reading printed books. The access and supply of reading material in areas that they frequent is lacking and this acts as a barrier to them having access to printed books. This relates to access through booksellers, as they are the suppliers of books to the public. The researcher hopes to discover, as part of the interviews, if independent and informal booksellers could provide

access and overcome the obstacles and barriers to obtaining of reading material as mentioned in the research. This should lead to an increase book buying and reading levels.

Although the research above sheds some light on who the potential customers are who buy books, the picture is not clear.

According to Le Roux (2014), the South African book buying market are generally middle-class, white and English-speaking. This does not represent the entire potential book buying market. This study will examine the market of independent and informal booksellers. An in-depth study of book buyers/customers, however, falls outside of the scope of the study.

It is important to know where books are being bought, especially for publishers to be able to expand their reach and sell more books. Most people, at 32%, get their books from a retail store (SA Book Council, 2017). This is not a bookstore as such, but a store that sells general merchandise and books. Statistics in the USA revealed that 41% of people buy books from retail stores like Walmart (Laing, 2008). Retail stores in South Africa are places like Pick n Pay, Checkers and include shops that sell things like nappies or groceries in the CBD of Johannesburg. These shops often also sell books, as described by Griffin Shea from Bridge Books. These sellers will form part of this study; the researcher will be conducting interviews with them to get information about whom their customers are and what type of books are in high demand (News24, 13 September 2017).

The market potential is there and it is a gap that can be filled if publishers take note and give more booksellers a chance to sell their books.

- An additional 14% of SA Leisure readers say they would consider reading printed books in future; total potential among readers is 48% (34% currently read and 14% would consider).
- An additional 14% of SA Leisure readers translate into a potential new printed book reading audience of an additional 3.8 million adults.

- Ease of access and affordability are printed books' biggest barriers vs. other reading materials (SABDC, 2016).

The findings of the research above indicate that having easy access to books is a major factor in reading and accessing the potential reading market. Most large chains are in the major centres and there are not many places to buy books in small towns or rural areas. Independent bookshops fill this gap; but with the recent recession, many have closed down, as they cannot sustain themselves.

The *National Survey into the Reading and Book Reading Behaviour of Adult South Africans 2016* shows where people are getting books. Most readers have indicated that they get their books from a retail store. These include supermarkets and other non-traditional booksellers. Some 7% indicated that they get their books from street traders (SABDC, 2016). The research done as part of this study will include street traders in the Johannesburg CBD who sell books. It is also interesting to note that 32% say that they get books and prefer to get books from a retail store that is not specifically a bookshop. These retail stores sell a variety of goods; books are just one of them. This means that non-traditional bookselling is definitely an area for growth. Since books are being sold in all types of shops, publishers have to consider these sellers and change their traditional way of doing business only with standard bookshops and large retailers if they want to increase their market. This will be advantageous for both the sellers and the publishers and get more books to more people. The ultimate goal is to get more South Africans reading as well as selling more books. If more books are sold, then there can be more authors who are published and more people making a living from selling books (SABDC, 2016).

This research demonstrates that there is a large potential reading market in South Africa who want to read, but are not reading. The intention of this study, which will include non-traditional booksellers, is to shed some light on whether people are reading and attempt to identify factors that will increase the book market and hence the reading public (SABDC, 2016).

Current research on independent bookshops

In her book, *Reluctant Capitalists*, Miller (2006) made some interesting observations about independent shops in America, as opposed to large chains. Large chains are normally part of another large retail group. As such, they use the practices of large retailers. This includes buying strategies, marketing and merchandising (Ryan & Been, 2013). Miller's book is the only book that has been published after research on independent bookshops was done. There is nothing similar that has been published in South Africa. Even though the US is quite different in terms of market and the publishing industry, there are similarities between their independent bookshops and the ones in South Africa.

A major difference between the large retailers and independent bookshops are the way they buy books from publishers. Independent bookshops are usually run by the owner and they do all their own buying for their shop. Large groups usually have central buying where a group of buyers buys books for all the stores at a head office level. CNA is the largest group of stationers and booksellers in South Africa. It uses exclusively central buying (Edcon's landmark debt restructuring explained, 2017). (Ifir.com, 2019)

“Independents and their supporters claim that by removing the idiosyncratic, personal judgments of numerous individual booksellers, and substituting for them the judgments of a small number of chain employees who use rational techniques to maximise sales, the quirky or critical book that might have only a small audience will be overlooked in favour of the standardised bestseller” (Miller, 26.)

Looking at the quote above, independent shops tend to see themselves as separate and different from regular retailers. Selling books is not merely selling a product and as such, the process is very different. They revere books and feel passionate about what they do. Most of them say they are not in it for the money, but they do it for the love of it.

Unfortunately, this is often to their detriment. They buy books that they like and sometimes these are not books that always sell well. They can end up with a lot of “dead” stock; that is stock that does not sell within a reasonable time. The large chains use what is called “rational techniques” to make buying decisions (Miller, 2006). This means they use statistics and sales figures rather than their own gut feelings or taste to decide. Central buying, where a small number of staff at head office level select and buy for all the shops, is popular with large chains. It gives them control over what is stocked in the shops and the decisions are based on figures. They identify top sellers and potential top sellers and buy these. Central buying lets the buyers negotiate better prices and discounts with publishers and that translates to a lower price to the customer in their shops (Ryan & Been, 2013).

Contrarily, independents do not always use sound retail practices and tend to buy what they like, instead of what will sell. As the quote above states, they use idiosyncratic, personal judgments. This is a double-edged sword: this practice ensures that there are shops with a wide range and different titles from the generic chains, but at the same time, these books do not always sell. The shops end up not being profitable and cannot survive they do stock titles that appeal to a smaller, more specific audience. What distinguishes the independent bookshops from the chain stores is their customer focus, rather than being profit-driven.

Sales figures and statistics

Nielsen Bookscan is a company that gathers information and compiles sales statistics. They report sales for bookshops in South Africa. However not all bookshops’ sales are included as the shop needs to belong to Nielsen Bookscan. This requires an annual membership fee. It is prohibitively expensive for most independent bookshops, so their stats are subsequently not included (Struik & Borgstrom, 2012).

Business practices for booksellers

Independent booksellers generally use some universal business practices, but they are unique in many ways.

Emblidge (2014) described this as follows: Bookselling as an industry has patterns in the business, yes, but it is also characterised by idiosyncratic business behaviour and is highly sensitive to volatility in local business conditions such as store rent, state or city sales taxes, and socio-cultural changes in a neighbourhood, not to mention the disruptive consequences of new technology (Emblidge, 2014).

Bookselling is essentially a retail business, but there are many aspects to it that are unique when compared to other retailers. Books as a product is specialised and requires knowledge that is learnt over many years and requires experience to be successful. Making the right decisions about which books to buy that will sell well requires experience. The business is easily affected by outside factors such as high store rent and technology such as e-books and the increased popularity of electronic entertainment like YouTube. Books have to compete for people's time and money. Books are considered a luxury item and is one of the things that people cut back on when money is tight. The book retailers also have to compete with each other and other sources of entertainment like movies and restaurants. They have to be in the right location to get customers. A good location in a mall is expensive. Independent shops can often not afford the rent charged by large malls, which places them at a disadvantage. Malls also give preferential treatment to large groups and chains, which means that they qualify for discounted rent and better placement in the malls.

The research showed that despite all these negative factors, independent booksellers are experiencing a boom. According to Raffaelli (2017), these technological shifts surprisingly did not lead to the immediate displacement of independent booksellers. Starting in 2009, independent booksellers experienced an unexpected resurgence – between 2009 and 2015, the

ABA reported a 35% growth in the number of independent bookstores across the county, rising from 1 651 to 2 227, respectively (Raffaelli, 2017).

Raffaelli (2017) said that the reasons independent bookshops are surviving and even thriving is because they did not try to compete with the likes of Amazon, but rather nurtured their unique model and used this to attract and keep customers. The sense of community that is part of most independent bookshops is what sets them apart from major retailers. The customers feel that they have a stake in the bookshop. They have a personal relationship with the shop and its staff. They trust the staff to make recommendations to them and to expose them to the latest offerings; which include independently published books and not only mass-market best-sellers.

Publishers are also realising that the independent bookshop plays an important role in reaching customers who are influential. These customers are often trendsetters and have a lot of influence. They can create a market for a particular book if it is hand-sold to them. They have book clubs and social media groups where they discuss books and this is an important marketing channel.

“I also found that independent booksellers were able to reclaim market demand by amplifying a unique set of practices that distinguished them from other actors in the bookselling industry (i.e., Amazon, Barnes & Noble). For example, independent booksellers began to focus on the ‘curation’ of inventory that allowed them to provide a more personal and specialised customer experience to hand-sell each book. Additionally, they adopted practices that helped to reframe their role in the community as a ‘convener’, which leveraged their physical presence in the community. Indie booksellers began to host numerous author events, book signing parties, children’s story time and birthday parties, young adult book launches, and numerous book-reading groups for a wide variety of readers to join. By 2015, several booksellers reported hosting more than 500 events a year. Combined, these aspects of ‘community’, ‘curation’, and ‘convening’ served as important bottom-up processes

that reframed the mature independent bookselling industry as a legitimate and distinct form of brick-and-mortar bookselling.” (Raffaelli, 2017.)

The above quote from highlights what independent bookstores do to set them apart from large bookselling chains or online booksellers. They have direct control over what they buy. They buy books that they like and they can hand-sell to their customers, meaning they make personal recommendations to customers about a particular book based on their own knowledge of the book as well as the customer. They have their customers in mind when deciding what to stock in their shops. They make a curated selection. Large bookshop chains are bound by strict rules about what they buy by their head office. Their selection has to be able to sell quickly and, in many cases, there are central buys and the shops all have the same stock. In contrast to this, independent bookshops can buy what they choose and cater to their customers very specifically.

Marketing

Events also form an important part of many independent bookshops. They see it as part of bringing their community together. They often collaborate with other businesses to run events or promotions. One bookshop hosts coffee mornings in a restaurant in the same centre as them. The bookshop gets customers to buy the books after hearing the author speak about it and the restaurant gets revenue from the refreshments and coffee the attendees consume. It is beneficial to both parties.

Laing and Royle (2005) posed that bookshops have realised that they are marketing to their existing customers. This is a dilemma, as they want to grow their market. The lower socio-economic group tends to be excluded from the marketing done by bookshops as they are not seen as the target market.

“Ignoring for the moment the dilemma facing bookshops of whether to concentrate on

growing the spend of existing customers, or trying to attract a new market, it helps to understand the section of society, which, for whatever reason, is not catered for by bookshops. Perhaps, unsurprisingly to those who work in the trade, the section of society that is excluded from bookshops, generally speaking, is that of people from the lower socio-economic groups.” (Laing & Royle, 2005.)

This can be applied to the book trade in South Africa as well. There is a small, dedicated book buying market to which the shops cater. These include customers of shops like the Exclusive Books and Bargain Books groups. These customers are the ones who subscribe to newsletters and follow the Facebook pages of the bookshops. This limits the reach to new customers, though, especially if they are in the lower socio-economic groups. These groups do not go to chain stores such as Exclusive Books and they do not always have access to internet and email. This is a market with restricted access and this prevents them from knowing what books are available and from being able to even buy books. Market expansion is often mentioned as a problem, but the issue is marketing to the same customers will not lead to expansion:

“Time and again, industry experts are able to pinpoint the lack of market expansion but seem powerless when trying to reach a solution. This continual reference to the trade realisation that it is preaching to the converted identifies a problem that has dogged the book industry for many years and was perhaps unwittingly exacerbated by the advent of Waterstone’s and Dillon’s in the 1980s.” (Laing & Royle, 2005.)

This further supports the view that the book market is not expanding and the bookstores seem to continually face this problem, but they are not able to solve it. They are not getting to the issue of reaching a new market:

“Waterstone’s and Dillon’s were certainly welcoming for those people who already loved books, but what the trade failed to comprehend was the continued perceived

irrelevance of these stores to people who were disinclined to read or visit bookshops in the first place.” (Laing & Royle, 2005.)

The above is possibly also true of the market in South Africa. Exclusive Books is the most well-known chain and it could be intimidating for someone who is not used to bookstores to even go into the shop, never mind ask for assistance or a specific title. It can be assumed that people would feel less intimidated by informal traders. They are making the difference in giving people of all occupations and levels of income access to books.

Before the collapse of the **NBA**, the arrival of internet technologies and the onslaught of deep discounting; indie bookselling, while never a high-paying business for most, could be made to work without having to engage with any of the following practices (O’Brien, 2014):

- Make potential customers aware of the bookshop through use of new social media (NSM) and engagement with the media through marketing and PR.
- Entice customers into the shop through careful marketing, using both email and new social media.
- Add value to book buying – make book buying an experience through running events.
- Sell other non-book, higher margin products such as gifts or coffee.
- Provide an internet presence. The minimum requirement is an information-only website.

Marketing is complicated for independent bookshops. They are not always experts at marketing to begin with and some are not very technologically perceptive or have access to technology to be able to use free marketing channels such as Facebook. Most have realised, though, that they need to market themselves. They use events and promote these through mailing lists they build up, and through social media. This study will look at what the local **indep**endent bookshops use and how successful it is for them.

Along with running events is the practice of getting your shop known about, and its events publicised, through marketing and PR. Besides using email, many booksellers have engaged with new social media such as Facebook and Twitter as a way to market their shop to customers. Results are mixed and many are not convinced that the extra work involved is been worth the cost. However, for those shops that run successful events, particularly those who are in urban areas with younger customers, or that are destination shops, both of these tools have proved to be useful (O'Brien, 2014).

Social media marketing is popular with independent bookshops as it is affordable and has a wide reach. It can be personalised, and specific markets and customer groups can be targeted. It is also useful in marketing and publicising events. Events form an important part of the marketing strategy of the independent shop and it is a way to attract new customers.

Administration, accounting and overheads involved in running a bookshop

An independent bookshop can also be referred to as an indie. These bookshops are often managed by the owner themselves. Administration and business practices are not always part of their skill set:

“Lena (2005) tells the story of a Singaporean indie, which specialised in Southeast Asian books, as one of constant struggle with administration issues, bureaucracy, discounting wars, institutional outsourcing of book orders to non-indies, and a Eurocentric mind-set among institutions, both at home and abroad” (O'Brien, 2014.)

The quote above shows the struggle that independent bookshops have to get to all their administration duties. It is difficult to be the owner, manager, accountant and bookseller all in one. They have to balance all these duties and try to still compete with the large shops that have enough staff to have a division of duties. Furthermore, they have to stay on top of trends and the competition, and have the right stock at the right prices. They have to compete with other retailers, both physical and online, to get customers to buy from them. Running a

bookshop requires a lot of administration and this is difficult for the owner to do while attending to all the other duties required. They also have to be competitive and offer their customers a good deal:

“Generally speaking, the independents are not in a position to pass on many discounts whereas the larger retailers, or those who can command the biggest trade discounts, can pass on large volume discounts to the consumer. The majority of Indies interviewed felt they cannot compete on price: There was one bookseller saying he saw a book on Amazon for 20p but it had been in his bookshop for £18.99... £18.99 for 20p. You can’t compete (Indie Bookseller).” (O’Brien, 2014.)

The independent bookshop generally operates on a minute budget and cash flow is a constant problem. They often live hand to mouth and can only order stock when they have available funds. The large retailers, in contrast to this, usually have favourable terms with the suppliers where they get longer to pay than a small independent shop. Many independent shops are not credit-worthy enough to have accounts, and they have to pay for the stock before they receive it. The larger shops get up to 60 days to pay for stock they receive. They can often also send it back if it does not sell, making the risk to them small. The independent shops do not often get such terms, as they buy small quantities and the risk is not worth it for the publisher. Discounts offered by the publishers also vary vastly from shop to shop. Publishers will give more discount to a large shop buying large quantities than to a small shop buying small quantities (Miller, 2006). This is logical; however, the disadvantage to the small shop is huge. The impact it has on them is felt much stronger than the impact on the large shops. The extra discount means they can sell at a lower price and therefore get more customers. The independent shop cannot compete with this and they subsequently lose customers and sales. Large chains can make big displays and buy extra stock to make their shops look attractive. The independent bookshop cannot do this, as they mostly cannot send unsold books back for credit like the large bookshops can.

“The consequences of free pricing were framed by booksellers as: creating an expectation among the public to pay less for books; creating dubious behaviour in the form of showrooming for the public and the purchasing of stock from supermarkets and Amazon for the booksellers; and forcing publishers to push up the RRP of ‘big books’ such as Christmas cook books to enable large retailers to sell at half price or less. As sales fall and costs rise, more bookshops are being pushed towards closure. Some costs can be cut, for instance by the owners not taking any wage or by reducing staff numbers, but this then puts extreme pressure on the remaining staff, particularly as the modern bookseller now has many more skilled tasks to perform.” (O’Brian, 2014.)

There are relatively few independent bookshops that occupy formal shops. The study will look at the factors that influence them, such as running costs. Other costs such as utility bills, rent and business rates are fixed and rising. Some bookshops are able to circumvent these costs by operating from stalls or barges, or having enough capital to own the premises, but for many, all of these bills have to be paid. The difficulty many bookshops face in terms of rent is trying to balance a location that is on the main street where rent is high but footfall is good, with a location off the main street where rent will be much lower but footfall will also be low.

“Sometimes, a bookshop will have to move location if the area they are located in becomes a target for chains, or it becomes popular through regeneration, with ensuing rent and rates hikes, as is the case with this general bookshop: I’ve got rent and rates which probably...you know the reason our profit has gone down, the profit not the turnover, the profit has gone down because the rent has gone so sky high because of the popularity of the area (Indie Bookseller).” (O’Brian, 2014.)

The large number of informal street sellers are a reflection of the above conclusion. Setting up a formal shop and paying rent is just not affordable for most of the booksellers. Many independent booksellers have also had to move to smaller premises in a mall or they had to move out of malls altogether as the rent was just too high for them to afford.

The importance of location

Independent bookshops have to market themselves so that customers are aware of them. They have to be clever and use strategies available to them to make them visible in a market dominated by large chains:

Booksellers are also going where their customers are and they are exploring new avenues and opportunities in areas that we previously not considered as an option for opening a bookshop:

“Inner city, regenerating areas have become targets for people still interested in opening a bookshop as costs are lower, yet there may be a good range of younger book buyers on tap.” (O’Brian, 2014.)

Bookselling in Africa

The South African market is unique and so is Africa, as compared to the UK and USA. There has been some research done on informal trading in Africa.

Tamukamoyo (2009) looked at various traders on a local flea market in Harare, Zimbabwe; including arts and crafts, clothes, shoes, and second-hand books. The section on second-hand books is relevant to this study. He did questionnaires with quite a few traders and asked them about various aspects of their trade. Their answers are that they obtain books from sellers who either come to them on the market or they are contacted by a seller to come to their house to collect. These people are selling their books as they either no longer need or want them, they need the money or they are moving and need to minimise their possessions. The sellers include many people who are leaving Zimbabwe and emigrating somewhere. They get some popular books that are in high demand from these sellers. Some of the sellers who come and sell at the market are gardeners who steal books from their employers. Tamukamoyo (2009) said the buyers say they do not question the origin of the books most of the time. They

know it is stolen, though, because the seller is usually desperate and they have no idea of the value of the books. They will accept a price that is much lower than the actual value.

The traders sell many mainstream titles like crime fiction and romance. Educational books are scarce and in high demand. They are always on the lookout for rare books such as books about Rhodesia (now Zimbabwe), which are popular and can fetch good prices. If they sell a few of these in a month, they have a very good month. These books are rare and they do not get them often. Only one trader also had a formal bookshop. He says he makes a lot more money on the flea market than in the shop. He says it does earn him some respect being a shop owner and not just a market trader.

Tamukamoyo (2009) said that unlike the craft and clothes traders, the book traders hardly ever have to go outside of their country to get stock. On rare occasions, a book trader will travel to South Africa if they can get a high-value rare book.

The environment is similar to what is found in South Africa with the street traders (Callaghan & Venter, 2009). Both South African and Zimbabwean booksellers are informal salespeople and face similar issues. The sellers in South Africa also sell from temporary stalls like their counterparts in Zimbabwe. They face similar issues in that their books are damaged by being exposed to the elements and theft is commonplace. The issue of theft and competition is highlighted in this paper:

“Issues of dishonesty and theft also came up among the book traders themselves. The second-hand book traders at the Harare market, unlike the book traders in Denier’s (1999) Sidewalk, did not have to remove their stock at the end of the day. It was understood by the management that it was too tedious for them to remove their stock daily. Book traders just covered their stalls with waterproof plastics and left them there for the night. Arts and crafts traders did the same. In June and September 2007, there were two occasions in each of the two months when book traders accused one another of theft of very valuable books.

“For example, one male book trader accused another male trader with a stall nearby of stealing a valuable copy of Contact by John Lovett, which he had hidden away in one of the boxes under the tables at his stall. The trader whose book had gone missing indicated that the other trader was the only one who knew where the book was. He had seen him leaving the book there the previous day when he left early to go home. The book was never found. Clearly, there are instances when the trust, reciprocity and co-operation that sustain the individual traders are disrupted.” (Tamukamoyo, 2009.)

The above quote resonates with what Griffin Shea from Bridge Books reports about the street sellers in Johannesburg. They have daily struggles regarding their books being stolen by customers or other traders. Finding a safe place to store their stock is difficult and at times, expensive. Exclusive Books have also reported theft as being one of their biggest challenges. Some books are kept under the counter or in the back office because they are very likely to be stolen (Interview, 13 September 2017).

Opoku-Amankwa, Mahama and Lucy Ry-Kottoh (2012) looked at informal booksellers in Ghana. They examined the booksellers, what and where they sell and if they contribute positively or negatively to the book trade in Ghana. The book trade in Ghana is quite strong and started around 1935 with mostly religious bookshops. This expanded into general and university bookshops.

Itinerant sellers are common in most of Africa. In South Africa, there are many informal booksellers. They will form part of the study. The researcher is also interested in what they sell, as ease of access and access to relevant material was listed as barrier to reading in the *National Survey into the Reading and Book Reading Behaviour of Adult South Africans 2016* done by the SABDC. According to the study, research in Ghana showed that itinerant booksellers generally sell all kinds of books; however, they sell more of children books, supplementary readers, primers and textbooks (SABDC, 2016).

Social media marketing

According to O'Brien (2014), research indicated that to survive, the independents must engage with an increasing array of practices that require many new skills: running successful events and cafes; providing web presences; selling non-book products; and marketing the shop through Facebook and Twitter.

The competition in the market is high. Independent bookshops have to compete with other bookshops, other forms of entertainment such as cinemas and restaurants as well as electronic media. YouTube and other video streaming services are becoming ever more popular. A bookshop now has to really make an effort to market themselves and stand out. Social media is popular because it is either free or relatively affordable and it can reach a wide market. A bookshop also has to be a destination now offering entertainment beyond just selling books. They have to offer events that are of interest to the public. These need to be marketed and publicised. Coffee shops as part of a bookshop is also almost becoming the norm. Customers want to be able to browse books and have a cup of coffee while doing so. They can meet friends and have discussions. Book-shopping has become a social event. The aim for the shop is to be the place to be seen. The coffee shop should carry some status that makes it popular and a place for the in-crowd to gather.

“While social media is less effective at marketing new books written by debut authors with no existing readership, it is nonetheless an important tool in the marketing plan as it provides a platform to engage with readers around significant events.” (Criswell & Canty, 2014.)

To market their books, bookshops engage their customers and promote their events using social media extensively. It is mostly free, so it is accessible to anyone. A wide range of people can be reached quite easily. Paid advertising targets specific markets, yet it is still not expensive. It is almost a minimum requirement to have a social media presence to be taken seriously as a business. Social media is also interactive so readers can give feedback to the

shop about their books, events, etc. This provides valuable information to the bookshop owner about what their market wants. It informs their buying decisions and helps them identify gaps in their market. They can also build relationships with their customers using social media.

“Relationships are very important especially for the independent bookshop. They do not have the money and resources to launch national marketing campaigns. They need to be more direct in their marketing and personal relationships are the key to success in their business.”

“The findings have shown that social media is most effective as a marketing platform when there is already an established community, allowing publishers to converse with readers.” (Criswell & Canty, 2014.)

This suggests that social media marketing, and especially Facebook, is not effective at gathering readers from scratch, and rather the real value to social media comes through its ability to converse with and exploit established communities.

Readers’ reactions, particularly on Facebook, underline the difference between having a pre-existing audience and not. Hodder & Stoughton’s comments gained 3,476 likes to Bloomsbury’s 970, and 1,073 re-comments to Bloomsbury’s 145. Clearly there was an avid, active audience for Hodder & Stoughton’s comments, but interestingly this did not result in more individual comments by readers (Pub Res Q (2014) 30:352–376 373123).

Social media marketing is important to independent bookshops. It is a tool they can use effectively and it can set them apart from the next bookseller.

Five Forces Analysis

This is a framework designed by Michael Porter, as explained by Grundy, (2006). It looks at five factors that influence competition among shops. These are:

- Intensity of rivalry among existing competitors
- Threat of new competitors
- Threat of substitutes
- Bargaining power of consumers
- Bargaining power of suppliers

These can also be framed as the following (Grundy, 2006):

- The bargaining power of the buyers
- Entry barriers
- Rivalry
- Substitutes
- The bargaining power of the suppliers

These factors will be applied to the shops that are part of the study. The information will be collected from the interviews that will be conducted with the owners and/or employees of independent bookshops. The above principles were used to assist in framing the research questions. The above especially applies to independent bookshops in terms of their relationship with suppliers and publishers and how they are treated differently from big groups.

According to Grundy (2006), a score is given to each of the five forces: It can be either favourable, neutral or unfavourable. This is a way to evaluate each one to see what the state of your business is currently and where you can improve. Number 4 – the bargaining power of consumers – is something relatively new in South Africa. The shops here have not always had a customer focus, as the market was not as competitive as it is now. Customers are

becoming the focus and that is changing the way retail businesses operate. They have loyalty programmes and train staff to make the customer the priority. Exclusive Books has the Fanatics programme (Sosnowski, 2015).

The reduction of autonomy in stores, the move towards central buying, charging for inclusion in catalogues and promotions, and a growing tendency to rely upon discounting as a marketing tool has earned the large chains in particular much in the way of criticism from the trade press and the wider media. (Laing, 2008.)

The quote above refers to central buying, where the head office of a group buys for all the stores instead of each store manager buying for their branch. Independent bookshops do not have this restraint and they can maintain their autonomy, as they are mostly owner-run. The practice of publishers being charged a fee to advertise their books in a catalogue or to be included as part of a certain promotion is quite a common practice. Again, this is mostly in the larger chains. Independent bookshops cannot demand this, as they do not have many outlets. LINK?

The marketing concepts of segmentation, targeting and positioning is used quite a lot in the book trade (Laing, 2008). The target market is identified and the shops market to a particular section of the population. They also position themselves in a certain way. Their branding and identity make them attractive to a particular section of the market.

Stores are also now able to gather a lot of information about what they sell, when and to whom with the use of electronic point of sale (Laing, 2008). The software available makes collating and analysing the sales data more manageable at this time. This can be used effectively to identify what types of books are selling and when and how many are selling. Loyalty programmes such as the Fanatics programme used by Exclusive Books (Sosnowski, 2015) is a clever way of accessing customer data. You can profile your customers and market to them directly. This is relevant to the study, as it one of its aims is to investigate how independent bookshops get information about their customers and how they market to them.

“Historically, marketing strategies and approaches in the book trade have been led by experience and gut feeling rather than any evidence-based strategies.” (Laing, 2008.)

The examined literature has, thus far, indicated that not many studies have been done on the marketing used by bookshops. There is one South African study on marketing done by publishers, but it does not include bookshops.

When you consider the role of the bookshop, it would certainly seem to lend itself to the development of this sort of relationship between retailer and book buyer. By their very nature, books can be purchased from a range of sites, both in the high street as well as online and in the supermarket. With this in mind, it would seem that relationship marketing has an important role to play in the strategic development of the bookshop.

The following principles of marketing are explained by Baverstock (2015).

The Four Ps of Marketing

- Price
- Product
- Placement
- Promotion

These principles are used extensively in retail. The study will look at these in detail and include it in the questions asked to the respondents (shop owners/managers).

Self-publishing

Self-publishing is increasing because it has become easier for authors to get their own books published, either electronically or in print. It is still challenging for both these authors as well as bookshops, though, as often the quality is not up to the standard of a book published by a

publisher and the author does not have the knowledge and skills required to market and distribute their books.

“Most self-published authors maintain a low profile. In the same way that an author such as [John] Grisham used a book tour to engage with his future readers, it is important for self-published authors to engage with their potential readers, whether that be electronically or physically. In an increasingly time-conscious society, where books are competing with different forms of media, readers need to know why they should invest time in discovering the author’s work.” (Carolan & Evain, 2013.)

Booksellers are not all keen to sell books that are self-published. It often has to do with what is said above: These authors sometimes do not understand that they need to promote their books and be visible for the book to get exposure. They are often not very good at marketing themselves and they prefer to stay in the background. Publishers have marketing people to promote their books; self-published authors have to do this themselves.

There are success stories among self-published authors though. It takes a lot of work and effort, but it is possible: successful self-published authors build up their profile and sometimes their content through blogging and through social networking websites. Using these web marketing tools, they are able to create a community around their activity. While creating an online community is very time-consuming, if channelled correctly, it is an effective and economical way to produce and test content, build a fan base, create reader loyalty, communicate with the public and diffuse works electronically.” (Carolan and Evain, 2013.)

The most used marketing tool for self-published authors is social media. Some authors use this very successfully. Facebook is used quite often to build the author profile as well and marketing their book and events. They also use their networks well and build communities and an audience that follow them. Networking is key to building your audience and social media is ideal for this.

Conclusion

The literature available on independent bookshops and informal booksellers in South Africa is very limited. Some research has been done on informal selling in Africa, which highlights some of the challenges similar to what the informal sellers in South Africa face.

Only a few books have been written about bookselling as a business. There are many sources available regarding retail in general, but bookselling has some unique challenges. The “product” is quite complex and requires a deeper understanding to be able to sell it well. Porter’s Five Forces Analysis is a tool to assist in analysing a business. The areas it addresses can be applied to most businesses.

The Four Ps of Marketing has been used for a long time to plan a successful marketing strategy. Book buying behaviour has been researched to some extent, but not really in the South African context. This is not part of the study as no customers will be interviewed; however, it has a major impact on book sales and the success of booksellers.

Chapter 3: Methodology

Research design

This study will be use qualitative research. The nature of the study, and therefore the research, is such that it is more about people's opinions and own experiences than numbers or figures. This is why quantitative research would not be suitable (De Vos, Strydom, Fouché and Delpont, 2011).

The researcher will use semi-structured interviews with independent booksellers in Gauteng and the North-West. A list of questions have been compiled, which will be asked of each of the respondents. The questions are structured to elicit an open-ended response so that the respondent can answer and expand on what is asked. The questions are not leading and there are only a few yes/no questions. The questions are based on the areas of commonality between independent booksellers as identified in the literature review.

The sample was taken from areas to which the researcher has access. This included Gauteng and the North-West. In the sample there are independent bookshops with different specialities including Afrikaans, Religious, Local and Educational. Three informal booksellers were also included in the study. These are booksellers without fixed brick-and-mortar shops. This should give quite a good overview of independent booksellers and can be representative of similar shops in the rest of the country.

The study is limited in that it does not cover the whole of South Africa. However, the researcher feels that the sample of 11 respondents will give enough information that can be applied to independent bookshops and informal booksellers in South Africa as a whole. The sample contains bookshops with varied specialities, based in diverse locations such as malls, on city streets, in independent shopping destinations and mobile locations.

It is important to frame questions correctly so that the respondent feels comfortable to elaborate and give information freely. The fact that the researcher has a good relationship with the respondent also helps a lot respondents tend to share more detailed information if they trust the person asking the questions. The researcher personally knows eight of the 11 respondents, which means they are more likely to share more information.

The option of quantitative research was not used during this study. The researcher wanted to elicit open responses from respondents, rather than yes/no answers.

Listening attentively to the respondent is essential and it will encourage them to speak freely. The questions will be brief and not leading and most of the interview should be spent listening to the respondent's answers (De Vos et al., 2011). The researcher will be record the interviews using a cellphone. This will be done with the knowledge and permission of the respondents.

There are no ethical issues, as the respondents are all adults and they will give informed consent. The study will be explained to them and they will sign a consent form. The form is simple and easy to understand, and it will be explained to each respondent before they sign. They can choose to be named or to remain anonymous. Respondents can choose to not be recorded. Ethical clearance was obtained.

Chapter 4: Presentation of results

There were some changes to the initial plans regarding the actual shops due to time and travel constraints. The researcher had planned to include shops from Limpopo, but that was not possible. The shops included are mostly from Gauteng, as that is the area in which the researcher is based. One store from the North-West was also included.

Results will be presented in table form. It will be structured according to the questionnaire used in the interviews. There will be a brief discussion after each table to give clarity on the content of the tables.

In the tables, “shop” is used to refer to both independent bookshops and informal booksellers.

Participating shops

Table 1: Participating shops

Number	Shop	Person interviewed	Date
A	<ul style="list-style-type: none">Trade; literary market	Owner	24/11/2017
B	<ul style="list-style-type: none">Afrikaans market	Owner	22/11/2017
C	<ul style="list-style-type: none">Sells to general market and supplies other sellers	Owner	25/11/2017
D	<ul style="list-style-type: none">Upmarket; Afrikaans dominant but more mixed after relocation	Manager	01/12/2017
E	<ul style="list-style-type: none">Niche market; Afrikaans	Owner	12/12/2017
F	<ul style="list-style-type: none">Mainly sells to schools	Manager	11/01/2018
G	<ul style="list-style-type: none">Been around for a long time; have a few branches; mixed trade market	Owner	28/11/2017

H	<ul style="list-style-type: none"> Part of entertainment complex; unique market mix; dependant on holidays and very seasonal 	Manager	10/12/2017
I	<ul style="list-style-type: none"> Large shop; motivational, inspirational and business books 	Owner	09/01/2018
J	<ul style="list-style-type: none"> Sells books and other products; mostly Christian, some political books 	Owner	09/01/2018
K	<ul style="list-style-type: none"> Informal seller; mostly second-hand 	Owner	09/01/2018

What are the reasons that made you sell books specifically?

Table 2: Reasons for selling books

Respondent	Reasons
A	<ul style="list-style-type: none"> Previous involvement in industry Opportunity arose
B	<ul style="list-style-type: none"> Previous involvement in industry Passion for books Wanted to be own boss
C	<ul style="list-style-type: none"> Research on industry lead to opportunities Saw a gap in the market Want to increase access to books
D	<ul style="list-style-type: none"> Opportunity arose in a mall Knew owner of another bookshop and this was a type of franchise
E	<ul style="list-style-type: none"> Always loved books and reading Space as part of other existing shop for books Important to give access to niche books not found elsewhere

F	<ul style="list-style-type: none"> • Been in the business for a long time • Had a book club that was very popular • Targeting schools directly is a good business plan
G	<ul style="list-style-type: none"> • Started as a news agent selling magazines and newspapers • Books was a natural extension
I	<ul style="list-style-type: none"> • It's a business as any other • There was a demand and they could supply and fulfil the need
J	<ul style="list-style-type: none"> • It is important to get people to read • Spreading the message is part of it
k	<ul style="list-style-type: none"> • Loves reading • There is a demand for books at affordable prices and in the area in which they are selling

Three of the respondents (A, B, F) said that they had some previous involvement in books and that this had led to them opening a bookstore. Three others said that they love reading and had an opportunity to sell books with other products, and that is what led to them opening a bookshop. They want to make money, but most agreed that a bookshop does not have large margins so the profit is quite low. It is not purely profit-driven, but more about a passion and a love of books. Some also said that they want to give people the opportunity to access books. They want to make it easier for more people to be able to access and afford books. The cost is prohibitive for many South Africans and the informal sellers sell second-hand books at affordable prices to give more people the opportunity to buy and access books.

How do you see your business developing? Are you thinking of expanding or downsizing? Opening more stores or closing down? What are your plans for the future?

Table 3: Future business plans

Respondent	Reasons
A	<ul style="list-style-type: none"> • Not planning to expand or downsize
B	<ul style="list-style-type: none"> • Want to grow online sales • Recently moved to a better location in strip mall
C	<ul style="list-style-type: none"> • Recently opened a second branch
D	<ul style="list-style-type: none"> • Downsized shop to decrease rent costs • Plans to open in the Cape • Want to launch an online retail website
E	<ul style="list-style-type: none"> • Shop has increased in size due to demand • Might increase more • No other branches
F	<ul style="list-style-type: none"> • Business is steady • No plans to open other branches • Agents do cover a wide area and always looking for more places to sell to
G	<ul style="list-style-type: none"> • Want to expand but not go beyond their capabilities • Running seasonal pop-up shops
H	<ul style="list-style-type: none"> • Business is stable.
I	<ul style="list-style-type: none"> • Constantly looking for new opportunities • Running pop-up seasonal shops • Might open more branches if opportunity arises
J	<ul style="list-style-type: none"> • The book section in the shop has been extended as there is demand • No plans to open more shops
K	<ul style="list-style-type: none"> • Moved to the current location 1 year ago • Much better sales than at the previous shop • No plans to open another branch

Two of the respondents just recently opened a second store. One shop downsized and made their floor space smaller. This was done to decrease the rent and therefore their overheads. They were not as busy as they expected to be when they moved into the new shop. Their turnover was not justifying the rent they were paying; they negotiated with the property owner to make the shop smaller to pay less rent.

Another shop moved from a mall to a smaller strip mall. The mall they were in charged exorbitant rent and was not willing to negotiate a lower amount. The shop found another premise in a strip mall at a much better rate. This was a better option for them as it lowered their overheads.

One shop expanded their floor space, but they own the property and they do not have to deal with increased rent.

How important is location and what factors did you consider or what factors influenced your decision?

Table 4: Location

Respondent	• How important is location?	
A	<ul style="list-style-type: none"> • Very important • Determines the market • Location was chosen as it is an area and community the owner is familiar with 	
B	<ul style="list-style-type: none"> • Owner lives in the area and is familiar with the market • Location area is important because there is a demand for the books they sell • Location in mall is very important: close to major retailers increases foot traffic 	
C	<ul style="list-style-type: none"> • Location was chosen between major points that ensures foot traffic • Not much competition in the area for this type of shop 	
D	<ul style="list-style-type: none"> • Location is very important • The area is upmarket and has a large book buying population making it ideal • The mall is new and has good anchor tenants 	
E	<ul style="list-style-type: none"> • Location is by default as the bookshop is an addition to the rest of the centre 	

	<ul style="list-style-type: none"> • The centre is a destination has many visitors and that ensures visitors to the booksho
F	<ul style="list-style-type: none"> • Location not important as they do mostly outside sales
G	<ul style="list-style-type: none"> • Very important • Malls that are under construction have a major negative impact on visitors to the stor • The mall location is important • Location and position inside the mall are also very important
H	<ul style="list-style-type: none"> • Part of an entertainment complex • Complex is a destination and the shop are dependent on visitors coming to it
I	<ul style="list-style-type: none"> • Location is important • The shop gets a lot of passers-by • They are reliant on customers that walk in from the street
J	<ul style="list-style-type: none"> • Location is very important • Moved to present location a year ago • Sales have increased in the current location • A lot more passing trade than in previous location • Less competition in current location
K	<ul style="list-style-type: none"> • Location moves as it is an informal shop • Important that general area remains the same so customers can find them

Location is very important in most cases. It affects the amount of exposure the shop gets. It is also very closely linked to the market. The location determines the market. Some shops chose a specific location to access a specific market and others let the location guide them as to who their market is.

Whom do you see as your market? Whom are you aiming at?

Table 5: Market

Respondent	Market
A	<ul style="list-style-type: none"> • People who live in the area • Discerning readers • Customers in the area have disposable income
B	<ul style="list-style-type: none"> • Afrikaans speaking • Demographic of the area determines the market • Many older and retired customers
C	<ul style="list-style-type: none"> • Passing foot trade • Secondary market-informal booksellers • Tourists
D	<ul style="list-style-type: none"> • Mixed market • Affluent people from the area • People from other areas that come to shop at the centre
E	<ul style="list-style-type: none"> • Destination shop • Customers hear via word-of-mouth • Caters for niche market
F	<ul style="list-style-type: none"> • Schools • Libraries
G	<ul style="list-style-type: none"> • Mall customers • Depends on the particular mall • Mixed market • Books are on a wide variety of topics and cheap to expensive • Special offers to attract new customers
H	<ul style="list-style-type: none"> • People visiting the centre • Customers come from various areas and backgrounds • Different ages, backgrounds, income and interests
I	<ul style="list-style-type: none"> • Books are aimed at the Christian market • Customers are passers-by that are interested in religious and inspirational books
J	<ul style="list-style-type: none"> • Customers are people in the area • Locals and foreigner nationals

	<ul style="list-style-type: none"> • Different ages, men and women
K	<ul style="list-style-type: none"> • Customers are people visiting the market • Passing foot traffic

This is closely linked to where the shop is positioned and located. The people who frequent the area often dictate the market.

Finding your niche and catering specifically to your market sets you apart from the next bookseller. Personalised service and curated choices that suit your specific market is what most of the shops in the study listed as a top priority.

Some shops cater to specifically Afrikaans-speaking markets. Respondent E said they delve even further into that market and look at specific topics in which their market is interested and supplies them with books on that which they cannot find anywhere else.

Respondent C said they located their first store between Park Station and Ghandi Square. There is an enormous amount of daily foot traffic there and they saw an opportunity for a new market. There are several other bookshops in that strip, but they all cater to different subsections of the market. They also act as a go-between for the sellers who do not have access to books through the traditional channels such as having accounts with the major suppliers.

Respondent A said that they curate the selection of books they stock so that customers can confidently know that what they find on the shelves is of high quality and that the content is good. They feel a responsibility towards their customers to only supply them with good reading material. They also want to sell books that they like and believe in, and that makes selling it easier.

Two respondents said that they sell only books that are aligned with their belief system and life philosophy. They will not stock books that are contrary to their beliefs, even if customers

ask for it. They will rather refer them to another seller. Their principles are more important to them than making a profit.

Respondent K sells mainly second-hand books. This is due to his market's demands for low prices as well as the fact that as an informal seller, he cannot get new books from the major suppliers easily. He has an arrangement with another independent bookseller to get new books indirectly. The other shop buys from the major suppliers, as they have accounts. They then resell to the informal sellers who cannot get it otherwise.

There are quite a lot of second-hand booksellers around. They did not form part of the study as such. These bookshops do not sell any new books. They sell and buy only second-hand books. The informal sellers who form part of this study sell both new and second-hand books.

Do your customers give you feedback about your shop? How do they do that and what are they saying?

Table 6: Customer feedback

Respondent	Feedback
A	<ul style="list-style-type: none"> • Yes, customers are quite open • Mostly positive and complimentary
B	<ul style="list-style-type: none"> • Yes • Positive and negative • Customers feel comfortable to share
C	<ul style="list-style-type: none"> • They like the shop
D	<ul style="list-style-type: none"> • Positive and negative feedback • Customers feel at home and will be open and honest in their feedback
E	<ul style="list-style-type: none"> • Yes, mostly positive
F	<ul style="list-style-type: none"> • The places they sell have positive responses
G	<ul style="list-style-type: none"> • Not that often • Complaints via e-mail at times
H	<ul style="list-style-type: none"> • Customers like the shop lay-out

	<ul style="list-style-type: none"> • The kids area gets a lot of positive feedback
I	<ul style="list-style-type: none"> • Yes, customers like the selection and they often have conversations about what they like and why
J	<ul style="list-style-type: none"> • Yes, feedback is positive. • They like the selection and the pricing
K	<ul style="list-style-type: none"> • Customers like to discuss books • The owner likes the feedback as it gives him an indication of what to order

Most of the respondents said that their customers are quite open and honest with them. They do not seem to feel intimidated and they feel they can openly converse with the people in the shop. Very often, the owner is on the floor and that makes the customers feel that the feedback they give will reach the correct people. They get immediate responses, as there are no other channels through which the feedback has to go to be able to get a response.

Mostly the feedback is positive, but most respondents said that their customers would not hold back if they were unhappy about something. They would inform them quite quickly and in very clear language. This is excellent for the shops, though, because they have the ability to respond quickly and fix a problem if there is one. They are flexible and pliable.

How do you reach your customers? What marketing tools do you use and why? What measures do you use to get additional customers and to promote your business?

Table 7: Marketing tools and business promotion

Respondent	Tools	Reasons
A	<ul style="list-style-type: none"> • Social media – Facebook, Twitter, Instagram • Email newsletters • Events 	<ul style="list-style-type: none"> • Free and effective • Targeted
B	<ul style="list-style-type: none"> • Social media – Facebook, online reading groups • Events • SMS 	<ul style="list-style-type: none"> • Free & good impact • Increased sales and visibility • Database signed up and respond positively

C	<ul style="list-style-type: none"> • Social media – Facebook, Twitter, Instagram • Email newsletters • Events 	<ul style="list-style-type: none"> • Cost-effective • Reach a wide audience • Targeted advertising is cheap • Events help a lot with word-of-mouth advertising
D	<ul style="list-style-type: none"> • Social media – Facebook, Twitter, Instagram • Email newsletters • Events 	<ul style="list-style-type: none"> • Cost-effective • They have a large database from events • Events draw new people into the shop
E	<ul style="list-style-type: none"> • Word of mouth • In-store displays 	<ul style="list-style-type: none"> • Do not use online marketing • Want to create an experience in the shop
F	<ul style="list-style-type: none"> • Marketing is via email or phone calls directly to the customer 	<ul style="list-style-type: none"> • This is the best way to reach a specific audience
G	<ul style="list-style-type: none"> • SMS • Facebook 	<ul style="list-style-type: none"> • Cheap • Easy to manage
H	<ul style="list-style-type: none"> • Facebook • Email • In-store advertising • Events 	<ul style="list-style-type: none"> • Facebook’s advertising is relatively cheap • They have a large database to send emails to • Their events are well attended and it increases sales
I	<ul style="list-style-type: none"> • Word of mouth • Facebook 	<ul style="list-style-type: none"> • Appropriate for the market • Cost-effective
J	<ul style="list-style-type: none"> • Word of mouth 	<ul style="list-style-type: none"> • Customers do not generally access social media • New customers are acquired through existing customers
K	<ul style="list-style-type: none"> • Word of mouth 	<ul style="list-style-type: none"> • Customers do not generally access social media • New customers are acquired through existing customers

This relates to some extent to marketing. Respondent E does not have a website or email at all. They also do not advertise or use social media. They only rely on word of mouth and on passing trade. They prefer it this way, as they feel they get enough customers in this way. They also do not want to compete with other bookshops, as their model is unique. They feel

selling books online is not the same as selling books out of a physical bookshop. Online selling does not give the customer the experience of the book: the smell and feel of the book as well as the experience of visiting the bookshop. They feel the shop should be an experience for the customer. It is not just about coming in, buying a thing, and leaving. They like to make displays to lead customers to things they would not normally associate with books. The displays are interactive and contain elements about the books, but things that are not books as such. They also want to have the shop be more inviting to men. They feel traditionally women frequent bookshops. They want to make it inviting for men and have the displays attractive to men, while still servicing the rest of the market.

Social media is popular with most of the bookshops. The main reason is that it is free. They use Facebook, Twitter and Instagram. Some have more success than others do. Boosting posts by paying on Facebook has a positive impact. It is a bit time-consuming, but most shops say they have to do it to promote their business and stay in the spotlight. They post interesting articles that are book related with information about events, photos from events, etc. Some owners are also active on reading groups and online book clubs in Facebook. These are popular and people do buy books that are recommended there.

One respondent said radio advertising for books works well. If a book is discussed on radio, they can almost immediately see the sales increase. They do not advertise on radio themselves, as it is too expensive. Television exposure for a book does not really work. There are exceptions; but generally, interviews on news programmes do not seem to have an effect on the sales.

Word of mouth is a strong tool for many independent bookshops. Four shops reported using this as their main marketing tool. They take pride in their reputation and rely on their customers to recommend them. This comes back to customer service. It is essential to have excellent customer service and to make each customer feel special. Catering to the individual needs of each customer is what sets the independent bookshop apart from the larger bookshops.

The owner can decide what books to stock to suit each customer. They do not have to only stock the bestsellers or sure-sellers. They can be more creative and original in their selection. They obviously cannot always afford to take huge financial risks in taking books that do not sell. They can, however, take an expensive, niche book if they have a customer in mind who will buy it. This selection of different books gives them a depth that is often lacking at the larger bookshops. These shops are under scrutiny from their head offices to ensure that they buy “stock” that turns quickly. Risk-taking is not encouraged.

One owner did remark that books could also go “rotten”. He says if a book sits on the shelf too long, it becomes stale and has a negative energy. He prevents this from happening by marking down slow movers quickly and/or doing some type of promotion to get it moving. He also says that if a book is selling well, he will still sell it cheaper to move more units. It is the opposite of what most shops will do. They will increase the price of a book that is selling well. He feels this is unethical.

What measures do you take to retain your customers?

Table 8: Customer retention

Respondent	Tools
A	<ul style="list-style-type: none"> • Personal service
B	<ul style="list-style-type: none"> • Very good customer service • Offer additional information and events • Special offers on books
C	<ul style="list-style-type: none"> • Take time to get to know customers • Make the shop a social space where people gather
D	<ul style="list-style-type: none"> • Good customer service • Curated selection according to customer needs and tastes
E	<ul style="list-style-type: none"> • Shop is an experience, not just to buy • Offer something for everyone • Customer service • Unique selection of books

F	<ul style="list-style-type: none"> • Offer good service to the customers they deal with • Have the best variety of books at the best prices • They have a good reputation and this ensures extensive market penetration
G	<ul style="list-style-type: none"> • Offer special discount days • Wide variety of books • Customer service
H	<ul style="list-style-type: none"> • Offer an experience rather than just a shop • Unique concept store
I	<ul style="list-style-type: none"> • Offer a specialised selection that is aimed at a specific market • Personal service and interaction
J	<ul style="list-style-type: none"> • Offer books at very good prices • Wide variety of books
K	<ul style="list-style-type: none"> • Source specific books for customers • Offer wide variety at low prices

Customer service is one of the most-used incentives shops use to retain customers. Seven of the shops reported that they focus on customer service to keep their customers coming back and to ensure they choose them over other bookshops. They want to make shopping a personal experience and make each customer feel special. This is possible through the personal touch that the owner can give to the shop.

In the shops where they have other staff, the staff are made to feel as if they are also part of the shop. They have to buy into the philosophy of the shop and the owner. Some respondents said it is difficult to find staff who convey the same passion as the owner.

What makes you different from the next bookseller?

Table 9: What makes you different from the next bookseller?

Respondent	What makes you different from other booksellers?
A	<ul style="list-style-type: none"> • Managed by the owner themselves
B	<ul style="list-style-type: none"> • Owner managed • Selection unique to the market it serves • Community involvement
C	<ul style="list-style-type: none"> • Unique business model • Serves customers in the community
D	<ul style="list-style-type: none"> • Excellent knowledge and understanding of books • Provides a selection tailored to the market it serves • Personal service
E	<ul style="list-style-type: none"> • Unique selection of books • Provides an experience to the visitor
F	<ul style="list-style-type: none"> • Unique model with direct marketing to schools • Been around for a very long time and have a good reputation
G	<ul style="list-style-type: none"> • They have been around for a long time. • One of the few independent shops with a few branches
H	<ul style="list-style-type: none"> • Unique shopping experience • Not just a bookshop but coffee shop and champagne bar
I	<ul style="list-style-type: none"> • Large selection of books at low prices • Good customer service
J	<ul style="list-style-type: none"> • Personal relationship with customers • Unique selection of books based on personal taste and beliefs
K	<ul style="list-style-type: none"> • New and second-hand books • Books available to the people where they walk past • Very accessible

How do you decide what books to stock?

Table 10: How do you decide what books to stock?

Respondent	How to decide what books to stock
A	<ul style="list-style-type: none"> • Decisions are made with the customer in mind • An interesting, eclectic selection is very important to the owner
B	<ul style="list-style-type: none"> • Orders are based on what the customers ask for • Previous sales history on certain sections
C	<ul style="list-style-type: none"> • Buying is based on the clientele that visit the shop • It is not an exact science and sometimes something you think would sell in your shop, is a total flop
D	<ul style="list-style-type: none"> • Relies very heavily on sales history and previous knowledge of genres • The market determines and it is constantly changing • Best-sellers and evergreens have to always be in stock
E	<ul style="list-style-type: none"> • The target market is very specific, only books that fit into that will be stocked • Customer requests are a good indicator of what the market is looking for
F	<ul style="list-style-type: none"> • Price is very important as the competition in the school's market is very high • Must be relevant to the current school's market
G	<ul style="list-style-type: none"> • Sales history of similar books or books by the same author is important in deciding if a new title will be bought • Current trends in the market • Each location has challenges and these play a role in how much and what stock is bought
H	<ul style="list-style-type: none"> • Books that are relevant to the market of the centre • Sales history according to the computerised program will determine if similar titles sell well or not
I	<ul style="list-style-type: none"> • Price is very important • Customer determine what they stock according to their requests
J	<ul style="list-style-type: none"> • Only books that fall within the framework of what the owner believes in will be stocked
K	<ul style="list-style-type: none"> • Stock depends on what he can get hold of • Customers request specific books and he will try to get those • He tries to obtain popular titles at good prices

This is connected to customers and what the market wants. Some said that they use their gut feeling at times when deciding on what to stock. There is sometimes no way of telling if a book will sell or not. They look at legacy, i.e. the history on their systems. They look at previous books by the same author or similar types of books to see the sales history. This helps to inform their decision about taking the book or not, and then how many to take. Two of the respondents felt strongly that they will only stock books that are aligned with their personal belief system. They are not willing to compromise and will not stock books that they believe are not in line with their philosophy and beliefs. This includes orders for customers. They will not order books for customers that they believe are morally or philosophically on conflict with what they stand for and the message they want to spread. Interestingly, both of them did not only rely on books to make their business successful. They sell books to make money but that is not the core motivation and they are not solely reliant on book sales to be successful. It is an addition to their sales and that is why they can be selective about what they sell.

Two of the shops that were interviewed import most of their books directly from other African countries, mainly Nigeria. They did not want to give much detail of the process involved in this. Their books are much cheaper than many of the other bookstores. The titles include major publications like *Rich Dad Poor Dad* and books by well-known American authors. Religious and inspirational titles are in the majority.

What factors influence your buying decisions?

Table 11: What factors influence your buying decisions?

Respondent	factors influencing buying decisions
A	<ul style="list-style-type: none"> • Will it sell? • Available budget • Time of the year
B	<ul style="list-style-type: none"> • Timing according to seasons such as Christmas, holidays and back to school • Available funds • Events

C	<ul style="list-style-type: none"> • Demand for the specific book • Cash-flow
D	<ul style="list-style-type: none"> • Season and time of the year • Sell-through of specific sections • Demand from customers
E	<ul style="list-style-type: none"> • Will it fit in and enhance the shop? • Is there a demand for it?
F	<ul style="list-style-type: none"> • Will it sell to schools? • Is the pricing good?
G	<ul style="list-style-type: none"> • Will the book sell within a reasonable time? • Is it something new and different? • Is the price good?
H	<ul style="list-style-type: none"> • Is there a demand for it? • Does the section it falls into do well in the shop? • Is it a backlist title or a best-seller? • Time of the year determines how much stock is bought
I	<ul style="list-style-type: none"> • Is it a popular title or author? • Is the price good? • Are customers interested in it?
J	<ul style="list-style-type: none"> • Does it fall within the framework of what the shop stands for? • Is there a demand for it?
K	<ul style="list-style-type: none"> • Stock depends on what is available to him and if he has funds available at the time to purchase • Customer orders and demands

Buying is influenced by the demands of the specific market to which the shop caters. The owner or manager knows which genres, types of books, price point, etc. their market will buy. Some who have computerised inventory systems will use that to check sales of similar titles, titles by the same author and/or titles in a specific genre. They will look at the sales history. This includes how many copies they bought, how many sold and how long it took to sell. Promotions and special offers also play a role. The buyer is more likely to buy a product that is on special offer. This could be at a special lower price; extra discount could be offered or it is offered on a sale or return basis. That means that the bookshop does not have to keep the book if it does not sell. They can return it to the supplier for credit is unsold. This

minimises the risk to the bookshop and makes it more likely for them to stock a book that they would not normally stock. Shops are also offered remainder stock by the publishers. These are books that the publisher has not been able to sell within a certain period, usually 18 months, and they now need to clear out of their warehouse. They offer these to the shops at large discounts. The shops can then sell it at a low price to the customer. Three of the shops that were interviewed do this regularly and it is an important part of their business. They said that price is important and the large numbers of the remainder books they sell prove this. Two of the respondents felt strongly that price is the reason the book buying market is so small. The cost is prohibitive to many South Africans.

Self-published authors

Table 12: Self-published authors

Respondent	Do you stock self-published books	Reasons
A	No	<ul style="list-style-type: none"> • The quality is not always very high • Responsibility to customers to present high-quality books.
B	Yes	<ul style="list-style-type: none"> • Depends on the content and quality • If there is a demand for it, they will stock it.
C	Yes	<ul style="list-style-type: none"> • The market has in interest in self-published authors • There is a demand • The administration of it is very cumbersome though
D	Yes	<ul style="list-style-type: none"> • Very selectively • Only very well-published titles in high demand will be stocked
E	Yes	<ul style="list-style-type: none"> • Their market is niche and many of the books they want are self-published
F	No	<ul style="list-style-type: none"> • They do not have a market for it
G	Yes	<ul style="list-style-type: none"> • They embrace self-published authors • They work with the author to promote the book
H	Yes	<ul style="list-style-type: none"> • They will sell any book that there is a demand for • Quality of publication is not very important to them
I	Yes	<ul style="list-style-type: none"> • If they can sell the book, they will stock it
J	Yes	<ul style="list-style-type: none"> • He will sell books if they are given to him on consignment

Most shops are not keen on stocking self-published authors. Some say quality is an issue. This includes binding, editing and presentation. They also say that the administration involved in managing stock and payments with these books is time-consuming.

One shop was the exception. They do stock many self-published authors. The condition is that the author must promote their book. They have launches where the author invites his/her circle of friends and interested people. They are vital in marketing the event and in pushing sales so that it is worthwhile for both parties.

Some stock published books. They do insist on the quality being up to standard, though. They will not take a book if it is poorly presented with below-standard binding and with poor editing. Most shops said they have a responsibility to their customers to only stock books of a high quality. They say that what they put on the shelves can be seen as recommendations to the customer. They cannot associate with low-quality publications.

The administration in dealing with authors is also difficult for most shops. They have different systems that they have developed over time to be able to deal with this. Some pay the authors quarterly and others bi-monthly. Most said that the responsibility of following up rests with the authors and not with them. They also said that authors can be difficult, as they do not understand the publishing process or the way bookshops operate. They are at times insistent and can become a nuisance.

The independent shops have an advantage over the large chains in this respect, though – they can stock books from self-published authors as the owner makes the decision. It is a simple process compared to the red tape involved in doing it through a head office.

What are your best-selling titles at the moment?

All respondents, across the board, said that *The President's Keeper* was their bestseller of 2017. Other best-sellers included *Fifty Shades of Grey* and *The Real Meal Revolution*. *Not*

Without a Fight by Helen Zille , *Cold Case Confession: Unravelling the Betty Ketani Murder* by Alex Eliseev, and Trevor Noah’s *Born a Crime* were all top sellers in 2017. Adult colouring-in books also still sold well, although it was slowly fading.

What are your best-selling genres in general? Is that what you expected?

Table 13: Bestselling genre

Respondent	Best-selling genre
A	Fiction and current affairs
B	Afrikaans books
C	Current affairs
D	Afrikaans children’s books
E	Afrikaans
F	Children’s books
G	Current affairs
H	Fiction
I	Business and Christian
J	Christian
K	Fiction

The genres that sold well in these stores are often targeted at that specific market, e.g. Afrikaans or Christian. It is their bestsellers but also what they stock the most of.

What are customers asking for that you cannot find from publishers?

Table 14: What are customers asking for that you cannot find from publishers?

Respondent	What are customers looking for?
A	<ul style="list-style-type: none"> • Nothing
B	<ul style="list-style-type: none"> • Out-of-print Afrikaans classics
C	<ul style="list-style-type: none"> • African authors published overseas and very expensive to order in SA • No local editions
D	<ul style="list-style-type: none"> • Nothing

E	<ul style="list-style-type: none"> • Out of print Afrikaans books
F	<ul style="list-style-type: none"> • Nothing
G	<ul style="list-style-type: none"> • Nothing
H	<ul style="list-style-type: none"> • Nothing
I	<ul style="list-style-type: none"> • Nothing
J	<ul style="list-style-type: none"> • Nothing
K	<ul style="list-style-type: none"> • Nothing

All the respondents said that there is not really anything that is not available in print. Some books might not be available locally; they have to be imported at great expense and it takes long. Mostly the demand for these books is not that high, so it is not justified for the publishers to keep stock locally.

Interestingly, two shops are printing their own books. One shop did a small print-run of a title that their customers asked for and that was only available on import. The other shop did a deal with an overseas publisher where they translate English children’s books into Afrikaans. They translate the books themselves and print it locally. They say it has been highly successful. They do not feel what they are doing is unethical, as some publishers sell directly to the public, therefor being in direct competition with the shops.

Pricing

Do your customers have any issues regarding pricing? Do they want to negotiate a lower price? Do they buy more at a lower price? Are some customers not concerned with pricing and just want a specific book no matter the price?

Table 15: Pricing

Respondent	Issues regarding pricing
A	<ul style="list-style-type: none"> • Pricing is not important • Customers will pay if they want a specific book
B	<ul style="list-style-type: none"> • Price is important

	<ul style="list-style-type: none"> • Customers are shopping around more to compare prices
C	<ul style="list-style-type: none"> • Customers are price sensitive
D	<ul style="list-style-type: none"> • Some customers complain about price but they will pay if they want a particular book • Not all customers are concerned with price as they have disposable income
E	<ul style="list-style-type: none"> • Price is important • The shop prices their books lower than other shops to get more sales
F	<ul style="list-style-type: none"> • Price is very important as there is a lot of competition in the school's market
G	<ul style="list-style-type: none"> • Pricing is important as they have competitors at almost all their stores
H	<ul style="list-style-type: none"> • Pricing is not that important
I	<ul style="list-style-type: none"> • Pricing is very important • Customers are not able to afford expensive books • They will sacrifice quality for better pricing
J	<ul style="list-style-type: none"> • Customers are very price sensitive
K	<ul style="list-style-type: none"> • Price is one of the most important considerations

The majority of respondents as an issue mentioned pricing for customers. The high prices of books definitely affect the sales. Shops are selling less because customers cannot afford books. One respondent said when they have remainder books (these are books sold to shops at discounted prices because they did not sell out within a certain period) there is a definite increase in sales. Price does matter and it does affect sales. Pricing also prohibits many people from accessing books because they cannot afford it. This is where the second-hand book market is filling a void. Pricing is a significant factor in South Africa, as about a quarter of South Africans are unemployed and cannot even afford the basics to survive – books are a luxury item.

The study does not include second-hand booksellers as such, but many independent booksellers sell new and used books. The researcher will expand on the difference and implications of this later in the study.

There are instances when price is not a factor. This is mostly when a new book is in high demand. These include current affairs and political titles. An example is *The President's Keepers*, which sold regardless of the price. Customers wanted the book and they were not concerned about price, according to the respondents.

Supplier terms and conditions

Table 16: Supplier terms and conditions

Respondent	Accounts with all major suppliers	Discount Average	SOR	When are discounts, etc. negotiable
A	Yes	40	Negotiable	<ul style="list-style-type: none"> • Related to turnover • Launches
B	Yes	40	Negotiable	<ul style="list-style-type: none"> • Related to turnover
C	Yes	40	Negotiable	<ul style="list-style-type: none"> • Related to turnover
D	Yes	40	Negotiable	<ul style="list-style-type: none"> • Related to turnover
E	Yes	40	Negotiable	<ul style="list-style-type: none"> • Related to turnover
F	Yes	40	Negotiable	<ul style="list-style-type: none"> • Related to turnover
G	Yes	40	Negotiable	<ul style="list-style-type: none"> • Related to turnover
H	No	N/A	N/A	N/A
I	No	N/A	N/A	N/A
I	No	N/A	N/A	N/A
K	No	N/A	N/A	N/A
12	No	N/A	N/A	N/A

Do you have accounts with most publishers and/or suppliers?

Most of the shops in the study have accounts with the major suppliers such as Booksite and Jonathan Ball. They do not have large credit limits, though. Some have “cash accounts”. This is not really an account because they pay upfront for the books before they are delivered. They get a quotation from the supplier. They then do an EFT payment. Only once the payment has cleared in the account of the supplier are the books sent. This is a long, time-

consuming process. The books take long to reach the customer. This is also not open to anyone. A long application form has to be completed to be eligible to do this. This paperwork is intimidating to many smaller shops and they just do not have the time or ability to complete these forms. In stark contrast, one respondent said that to get Coca-Cola supplied he only had to complete a one-page form and it would be delivered the next day.

Technology plays a role here. Most of the orders with the major suppliers are done via email. Payments are also usually via EFT if it is a cash account. To be able to do these things, you need access to a computer and the internet. This is not accessible to many of the people selling books.

Three of the sellers did not have any accounts with suppliers. They obtained books through other channels. One sells mostly second-hand books. They buy these at charity shops and from customers. The selection is important. It has to be books that are in demand. The condition determines the price. The price is mostly negotiable, though. The other two shops obtain many of their books from suppliers in Nigeria. The details on this is sketchy. They say they do not have accounts and pay cash for all the transactions. The one shop owner did say he keeps records and slips of transactions, but nothing formal. The books they have in stock are all new and all by well-known authors. This supply chain needs additional investigation.

What discount are you offered by the suppliers? Are these negotiable and under what circumstances?

The average discount received from trade suppliers is 40% and from school suppliers 35%. These are not negotiable. Most publishers look at sales volume and work on a sliding scale to determine discount to shops. The higher the turnover, the higher the discount. This does not automatically increase, as publishers do try to give the lowest discount the shop will accept. It is normally up to the shop to approach the publisher and ask for the discount to be re-evaluated. This does not really apply to school suppliers.

What are the repayment terms they offer? Is this negotiable?

The standard account repayment terms are 30 days. Some of the shops in the study negotiated better terms, so they get 60 to 90 days to pay. This varies a lot from shop to shop and supplier to supplier.

Are you allowed to return unsold books for credit?

About half of the shops in the study receive books on a sale or return (SOR) basis. This means they can return the books to the publisher after a period if they have not sold. There are different terms in this arrangement:

- Full SOR means that all the books can be returned.
- 50/50 means that half of the books can be returned.

The books have to be in mint condition, i.e. they have to be in perfect condition with no damage whatsoever. This is important because the books that are returned to the publisher are supplied to the next customer. If it is damaged, they cannot reuse it for another sale. They will then reject the return.

Books also have to be kept by the shop for a predetermined time. It varies from publisher to publisher, but the average minimum time a shop has to keep the book before they can send it back is four months. The longest they have, on average, to send it back is 12 months. There is a lot of administration involved in returning books. The shop has to request a returns authorisation (RA) from the publisher. This has to be issued and only then can the books be sent back. Publishers are obviously not keen to issue RAs, as this means that books they have sold are being returned to them. This is a constant frustration for booksellers and they have to follow up continuously with the publishers to get the RAs issued.

This is why some booksellers just do not deal with SOR. They only take books on firm sale. This means they cannot send it back.

An SOR is advantageous for the publisher and the bookshop. It ensures more books are getting into the bookshops and the publisher gets more exposure. It also minimises the risk for the bookshop as they can return the books if they do not sell.

The exception is when books are ordered by a shop for an event or a launch that they are having with the publisher. In this instance, the books are always SOR and they can be sent back for credit straight after the event.

All the shops agreed that administration tasks take up a lot of their time. One owner said she takes the whole week at month-end to pay accounts and run all the needed month-end reports. VAT returns are also time-consuming. Financial year-end is stressful for most bookshops. The bigger ones use an accountant, but many do not have the financial resources for this. They have to do it all themselves. They could probably get more tax breaks and have better results if a professional does it, but they simply cannot afford it.

Are you part of Nielsen Bookscan? If yes, what are the benefits? If no, why not?

Table 17: Nielsen Bookscan

Respondent	Part of Nielsen Bookscan?	Reasons
A	• No	• Too expensive
B	• No	• Too expensive
C	• No	• Too expensive
D	• No	• Too expensive
E	• No	• Too expensive
F	• No	• Too expensive
G	• No	• Too expensive
H	• No	• Too expensive
I	• No	• Too expensive
I	• No	• Too expensive
K	• No	• Too expensive
12	• No	• Too expensive

None of the respondents are members of Nielsen Bookscan. Some knew about the weekly sales figures they release and they sometimes do get to see these. They say that it is too expensive for them to subscribe and that they do not get any real benefit from it. You have to subscribe to get the statistics and to have your sales counted. It will, therefore, be a benefit to Nielsen to give free access to smaller shops so that they can also get their sales figures.

Reporting sales of only certain booksellers is not representative of the entire bookselling landscape in South Africa. Bookshops and publishers determine trends and see what is popular by using the statistics and sales figures. However, none of the sales done by the independent bookshops is recorded on there. This could change the picture quite significantly, especially for local titles. Shop B could sell 50 or more of a title at a launch. That is a high weekly sales figure for a local book. These sales do not show up and it is therefore not an accurate reflection of book sales in South Africa.

Do you have a coffee shop? What are the benefits?

Table 18: Coffee shop

Respondent	Do you have a coffee shop?	What are the benefits?
A	Yes	<ul style="list-style-type: none"> • Not run by the shop so no extra work • Attracts more customers
B	No	
C	Yes	<ul style="list-style-type: none"> • Adds to the experience and attracts customers
D	Yes	<ul style="list-style-type: none"> • Not managed by the bookshop • Customers like to have coffee and discuss books with their friends
E	Yes	<ul style="list-style-type: none"> • Part of the experience of the whole shop and the centre • Attracts customers
F	No	
G	No	
H	Yes	<ul style="list-style-type: none"> • Part of the offering as a destination shop • Brings more customers into the shop • Also has a bar which is convenient for events
I	No	
I	No	
K	No	

Five of the respondents had a coffee shop attached to their shop. They said that this is a social element and adds to the experience they offer their customers. It makes the visit to the shop special to the customer. It adds a sense of community-building. It is also a drawing card and makes them different from other booksellers.

Chapter 5: Discussion of results

The research aims to identify the challenges and opportunities the independent and informal booksellers experience in terms of running of the business, including the following aspects:

- Independent booksellers face many challenges especially financially
- Processes involved in ordering books are complicated
- Administration issues such as dealing with accounts is time-consuming and not all bookshop owners have the necessary business skills
- Informal bookselling is thriving
- The reasons people start a bookselling business varies
- It is a way to employment for some where work opportunities are limited
- Many booksellers had previous involvement in the industry
- Marketing is important because there is a lot of competition in the market
- Social media is the most popular channel for marketing as it is affordable
- Customer service and knowing your customers is important

Results as analysed through Porter's Five Forces Analysis

This is a framework designed by Michael Porter (Grundy, 2006). It looks at five factors that influence competition among shops. These are:

Five Forces Analysis

- Intensity of rivalry among existing competitors
- Threat of new competitors
- Threat of substitutes
- Bargaining power of consumers
- Bargaining power of suppliers

These can also be framed as the following (Grundy, 2006):

- The bargaining power of the buyers
- Entry barriers
- Rivalry
- Substitutes
- The bargaining power of the suppliers

Each of these five forces is discussed below in order for these concepts to be used when discussing the researcher's findings on the current state of independent and informal booksellers.

- **Intensity of rivalry among existing competitors**

The research has shown that it is difficult for a small, independent bookshop to compete with the large bookshop chains. The large chains are able to negotiate better terms with publishers and with landlords. That means they get better discounts, they are able to send back unsold stock for credit and they get better locations.

- **Threat of new competitors**

This applies especially to the informal booksellers. There are many more people wanting to sell books as they see that it is a growing business and there are limited employment opportunities. However, from the research it was shown that the booksellers and the independent bookshops realise that they cannot always compete. This leads to specialisation. Each bookshop and independent bookseller has their own niche and specific customers that they cater to.

- **Threat of substitutes**

Here the threat is more in terms of not being able to obtain the products customers want before other sellers. The complications in terms of buying books from publishers makes it difficult for many informal and independent booksellers to get new releases before, or at the same time, as major retailers. There is another aspect at play here. There are

pirated copies of books available in some shops in central Johannesburg. This undercuts the price of the original copies and customers are buying the pirated copies at much cheaper prices. This is a threat to the publisher and the author as well as to shops that sell the legitimate copies.

- **Bargaining power of consumers**

Consumers, or customers, demand good service and good prices. It is difficult in a market where there are many options such as online retailers and large chains that cut prices, for a small shop or informal bookseller to compete. This is why they have to make their offering unique. They stock books that major retailers do not and cater to their unique market. They offer a sense of community by making their customers feel that they are special and they know them. Events like book readings and coffee mornings adds to the sense of belonging for customers and this will make them choose a small shop over some major retailers.

- **Bargaining power of suppliers**

This affects the independent shops and informal booksellers. Suppliers in terms of the book trade are the publishers and the distributors such as Booksite. They are not very flexible in their approach to business and they make it difficult for a small business to order from them.

What is the current state of independent bookshops in South Africa?

Research done as part of this study showed that the informal book sector is thriving in South Africa. These booksellers sell from stalls on markets or have books as part of their other merchandise. The researcher will use Grundy's framing when analysing the information gathered from the respondents.

People want to buy books but the books need to be easily accessible as transport and ease of movement is an issue for most South Africans.

The smaller sellers do have many challenges. As they are mostly informal sellers, they cannot benefit from the terms that formal booksellers benefit from such as accounts with suppliers. They have to buy cash and they do not get as much discount as the formal shops (respondent interviews). This is a major disadvantage and borders on discrimination. They provide a valuable service and fill a gap in the market but they do not receive the same support and benefits that a formal shop does. They publishers in South Africa need to be more flexible and accommodating to be able to include these sellers. The need for the books to be accessible is from both the public and the publisher's side. The publishers want the sales and they want to increase the reading market, but only using the traditional booksellers will not lead to expansion of the market. This is not a uniquely South African problem. The research done by Miller in the US showed similar issues to what we have here (Miller, 2006).

Overview

What are the reasons that made you sell books specifically? How do you see your business developing? Are you thinking of expanding or downsizing? Opening more stores or closing down? Whom do you see as your market? Whom are you aiming at?

The reasons given were quite varied. Some came to bookselling by chance but other actively pursued it. It was interesting that it is a way of creating employment for many people. The one informal bookseller specifically said that it gave him the opportunity to be self-employed and get out of the minimum wage job he held. He now has the freedom to make his own hours and be his own boss. He is also earning more than he was working for an employer (respondent interviews).

Business is difficult now as the economy is under pressure and disposable income is limited. The book buying market is small and it is difficult to grow it if the customers cannot afford to buy the books. Second-hand books are popular. Price is key here and it shows that people do

want to buy books and they want to read, but new books are expensive and out of reach for most regular working-class people.

Books are a passion for all of the bookshop owners that were interviewed. They see it as spreading knowledge and enriching people's lives. They take an active role in the business and believe in what they are selling. They are avid readers themselves and will recommend books to customers based on their own experience. This personal service and involvement are what sets the small booksellers apart from many of the large shops. The small shops are mostly owner-run so they have a stake in making a success of the business. They are not merely managers and employees. This agrees with the research found in the literature review. Miller (2006) said that bookselling is more about the passion for books than making money, but it is a difficult balance to achieve. Most booksellers are not naturally business people and making the mind-shift to be able to run a profitable business is sometimes very difficult. At times, it is impossible and the business does not service, as it is not running at a profit (Miller, 2006).

“Most of the shops are not looking at expanding in terms of opening more shops. Online expansion is definitely a priority for quite a few of the shops. They sell their books online through various channels. This is an easy way to expand and increase sales. The initial financial layout to be able to sell online can be quite a lot, but the returns are worth it. To be competitive and keep up with the competition in the market, an online presence is advantageous. There are many innovative ways to sell online now that do not require a large capital lay-out. One shop sells through an existing online portal. Online buying is still quite small in South Africa but it is growing. In the four Ps of marketing, place is one of the four. Having an online presence is a new dimension of place that the modern consumer expects.” (Baverstock, 2015.)

One shop that acts as a go-between between informal booksellers and traditional publishers uses WhatsApp for the sellers to place orders. It is efficient and cheap. Most of these sellers do not have unlimited internet access or access to computers but they do have smart phones.

Creating employment is another factor to take into consideration when looking at the reasons people opened shops. Although they do not employ masses of people, they still offer opportunities to previously unemployed people, the skills that employees gain by working in a shop also gives them scope for further career advancement.

Financial

Terms with suppliers

Many South African publishers use distributors to supply their books to the shops. The publishers do not have space to keep the books and that requires warehousing. They also do not have the logistical framework to distribute the books. With the warehousing and distribution, the company normally also handles the accounts. This is positive and negative. It can assist publishers who do not have the infrastructure to have good accounting but it can also be a negative in that the decisions are made by a third party and there is quite a division between the publisher and the bookshop.

Accounts with suppliers

The informal and foreign national booksellers do not have accounts with the suppliers. This is because you need credit references and bank accounts to get an account. The process to apply for an account is difficult and many booksellers find this prohibitive (Table 16).

The implication of not having accounts means that they cannot access new books easily. The major suppliers like Booksite and RNA mostly distribute new releases. These are warehouse and distribution agents used by South African publishers. A few publishers manage their own distribution, but they are in the minority (Respondent B).

The administration involved in maintaining accounts is also time-consuming. Most bookshop owners are not accountants and they are not naturally inclined to manage accounts and finances. Owning and running a bookshop requires that the person be a jack-of-all-trades: they have to manage administration and finances, stock, staff, sales, marketing and merchandising, to mention but a few tasks. All the owners that were interviewed agreed that managing the administration involved in running a bookshop is time-consuming and they often have to upskill themselves, as it is not a natural talent or inclination for them to run a business or manage finances (respondent interviews).

The implication of small and informal sellers not having access to new books is that they lose customers to other shops and it negatively affects their business (Respondent B). Some resort to illegal means to obtain these books (Respondent C). Theft is a big issue for many of the large bookshops. Informal booksellers resell the books that are stolen there often. This reflects one of the five forces, namely “Entry barriers”. Access is not easy and equal for all players, some are disadvantaged and have a real barrier to getting into the business of bookselling and doing it effectively. This can in some cases lead to rivalry between different sellers as they are not treated equally by suppliers and they need to make sales to survive as a business (Grundy, 2006).

Bridge books identified this issue of access that the informal sellers are struggling with. They started a system of buying new releases from the major suppliers, as they have accounts, and then re-selling the books to informal sellers. They do this mostly as a service and to increase access to everyone. It is not done for profit. They have a salesperson that visits the booksellers in town about once a week with the latest releases, which they can buy right away or they can order if the book is not in stock. This also creates more admin for the bookshop as they have to keep records of orders and payments (Respondent C).

Location

How did you choose where to locate your business? Do you find the rent affordable? Were you able to negotiate the rates before you moved in? Are the rates linked to your turnover? Are there other booksellers in close proximity? Do they sell the same types of books?

Many of the shops said that their customer base is determined by their placement and location. They did choose the location because there were customers that would be interested in books. The types of books depend on the area. Some areas have a more upmarket clientele, others are price-sensitive and others are religious/spiritual or educational for instance. Here the strong link between product and placement is illustrated (Miller, 2006).

The informal sellers said that they do not have as much control over their location as they would like. They trade on stands in a market. Regular traders have their regular designated stands but sometimes they lose their position if they are absent for some reason or if someone else puts up their stand first. This makes consistency difficult and it influences their market as customers might not know where to find them (Respondent K).

Location determines how customers will find you. A placement with a lot of passing traffic is ideal. However, you could also be a destination shop where customers come to you especially and specifically to buy certain products. One of the shops in the study was like this. They are part of a centre where people come to buy specific products. Customers know that this shop stocks books that other shops do not. They also come there for the experience. It is not only to buy, but also to enjoy and feel part of a community (Respondent E). The Four Ps have Placement as one of their factors. Placement is important and it can ensure that a business is successful by getting the right customers (Baverstock, 2015).

It is essential to have a strong identity as an independent bookseller. Customers have to be able to recognise what you are promoting. This is a way to differentiate from large shops and even other independent shops. The image the shop sends out assists in attracting and keeping their customers (respondents A and B).

Nollywood of books

Two of the booksellers were Nigerian. The one had a small book selection and this was mostly Christian and Business. The other shop had a large selection of various genres. Many of the books sold were by well-known American authors/ they were cheap copies of the originals printed in Nigeria though/ they sold for a lot less than the originals. They look similar to the original although the binding was not as good and the books tend to fall apart quite easily. The bookshop owners did not want to discuss the books and where they were sourced. The researcher did get information about it from other bookshop owners, though. It is illegal as publishers licence distribution rights to certain local agencies. Circumventing that and printing pirate copies is breaking the law. More research on this aspect needs to be done to determine the supply chain and to try to curb this practice as it means that the authors do not get royalties for the books sold. Although they are popular and they sell well due to the low price, the fact that they do not last makes it impossible to pass on to other readers. It is common-practice for books to be shared among friends and family. Because books are generally expensive, this is a way that many people can access a book without paying the full price for it. This type of sharing is definitely worth further research to see how people access books and what they are reading (Respondent C).

Sales and marketing

Marketing

Marketing, according to Baverstock (2015), is about offering:

- The right people
- The right product
- The right price
- The right promotional approach
- The right way
- At the right time
- In the right place

Social media was by far the most used marketing tool by the independent shops. Facebook was the most often mentioned and used. The reasons are that it is cost-effective and can be made to suit your needs. “This connection needs no longer be dominated by sales, but by mutually beneficial conversation and debate”, according to Criswell and Canty (2014). Online book clubs like Lekkerlees Boekrak are used by bookshops to engage with readers and in that way to promote their shop. It is a subtle way of marketing but it speaks to the readers and makes the bookshop a social place that offers advice and interaction instead of only wanting to make a sale (Respondent B). Online social groups are popular because it gives people from across a wide geographic area the opportunity to engage with each other and exchange ideas. This relates to the Four Ps of Marketing in that it promotes products in the right place (Baverstock, 2015). Using social media, you can take your product directly to the place where your customers are. It can be very targeted, especially when paid advertising is used and your audience is selected according to the criteria specified.

Paid adverts in newspapers were not successful according to one respondent (Respondent B). Most independent bookshops can now afford to pay for advertising in newspapers. It is very

expensive in general. They rely on free advertising by coverage of events in community papers or write-ups about their shops.

Radio is used but not as paid advertising. The cost of paid radio adverts is prohibitive and none of the shops in the study use this; one respondent is a regular guest on radio shows. He talks about books in general then but that also promotes his business (Respondent C). Another shop has a regular slot on a morning television show where she talks about the latest releases. She also gets to promote her shop then. It is done as a service to the television programme so it is free. It is difficult to keep the publishers happy though as you have to give equal exposure to all of them so that it does not look like you are favouring one in particular (Respondent B).

Both of the examples of marketing on radio and television uses the principles Baverstock (2015) describes in bringing the right products to the right people at the right time, according to the Four Ps.

Events are successful for some bookshops but not for others. The success is mostly measured by an increase in book sales. One shop has regular monthly events and the statistics show that if they have an event for a particular book, the sales for that book shows a significant increase in sales. Another shop focusses on launching self-published authors. The arrangement is that the author ensures that there are a significant number of attendees to draw people to the shop. This ensures that the launch is well attended and successful. The book sales at these launches are high which is why they continue with it. The add-on effect of bringing new people into the shop also assists with exposure and often leads to additional sales of other books (respondents B, D and H). Having events for the community is also a type of service that brings the community together and makes the shop part of it, rather than just a shop selling a product. It gives something back to the community and at the same time promotes reading (Raffaelli, 2018).

Events are marketed via social media, SMS and WhatsApp. The database a bookshop has is crucial. The independent bookshops that have databases, said that it is a highly effective tool that they use all the time. It is targeted at customers who have actively signed up to receive information from the shop (Miller, 2006).

What are customers asking for that you cannot find from publishers?

Most bookshops said that there are no books that they are being asked for that they cannot get from publishers or suppliers. This ties on with the Product aspect of the Four Ps (Miller, 2006). Having the right product is essential in being successful at sales. One shop said that their customers are looking for books written by South African liberation fighters that are not available locally. The cost of getting it from overseas is high. They have decided to get the rights to print and sell it in South Africa (Respondent C). This is an interesting development and is reminiscent of the beginning of book history, where the printers and publishers were also the booksellers. Booksellers are now also becoming publishers.

Pricing

Pricing is always a concern as South Africa is a developing country and the majority of the population do not have access to disposable income. Price is the first leg of the Four Ps of Marketing (Miller, 2006). The unemployment rate in South Africa is almost 25%. Books are not affordable to most people in the country (respondents C, E, I, J and K). People do want to read though. Cost is a prohibitive factor. Price is therefore very important and people do try to negotiate discounts with some booksellers (Baverstock, 2015). Unfortunately the independent buyers do not have the negotiating power of the large groups. This relates to one of the aspects of the Five Forces Analysis, namely the bargaining power of suppliers (Grundy, 2006). This is mostly in the informal sector where the booksellers are selling their books at markets. These books are also mostly second-hand (Respondent K).

Consumers also have more options when it comes to where they buy their books. Competition from other retailers and online sellers puts a lot of pressure on the independent bookseller (Respondent B). This is related to the first aspect of the 5 Forces analyses namely the bargaining power of buyers. Buyers are free to buy from anyone and competition in the market is cut-throat.

Theft is a major issue in many bookshops. The most stolen books are the bible, dictionaries, map books and current affairs/political books (respondents C, D, G and H). These are in high demand and can easily be sold. The market for stolen books is high because the cost prevents most people from buying the books at full price from reputable retailers. Many resellers sell stolen books.

Curated selection

Respondent A said that her customers trust them to choose books that are interesting and of high quality. They curate the selection for the customer. They know that what they find on the shelves has been carefully selected to suit their interests and needs and it is of a high quality in terms of presentation and editing. The content is also, what the customers of that shop is interested in and like. This selection process means that the books stocked in the shop are well known to the booksellers and it is books they also like. This makes hand selling easier for the staff. This is why this shop in particular, is not keen on stocking self-published books (Respondent A). This corresponds with what Miller (2006) said in her book about independent bookshops. Raffaelli (2017) also found in his research that a curated selection is one aspect that sets independent bookshops apart from large chains or online booksellers.

This ability to choose what to stock is a great advantage of an independent bookshop. They do not have the restrictions that are imposed on store managers of big groups (Miller, 2006). The independent shop can stock weird and quirky titles that might or might not sell. They take this risk. They can negotiate to return it to the publisher if it does not sell, if this was agreed upon when it was ordered. Large chains have strict rules regarding stock turn and the

time a title can take to sell. They have to buy books that will definitely sell within the first two or three months. They cannot risk a book taking a long time to sell. This affects their stock holding and is strictly controlled by their administration departments. This information was confirmed by a few of the respondents who used to work for large chains. The independent shop also does want to sell the books they buy, but they can be more lenient and relaxed about it. They might buy a particular expensive title with a particular customer in mind (respondents A, B and D).

A close relationship that the independent shop owner has with their customers is also, what sets them apart from the larger stores (Raffaelli, 2017). Managers and not owners manage the large stores. The staff of the shop floor are often not very enthusiastic as it is only a job (respondents B and D). Many of that staff in the larger shops are casuals and have no stake in the business. This is of course not always that case, but in the majority of cases that passionate booksellers are rare. The remuneration is also poor and this leads to many qualified booksellers leaving to work for publishers or they go into other industries where they are better paid.

The ability of the owner to decide what books to stock can be seen as a type of gatekeeper function. The shop owner is telling the customers what they should read. This is obviously an over-simplified statement. There are many gatekeepers in the publishing industry. The publishers are probably the first (Miller, 2006). They decide what is published and what does not. Of course, you could self-publish, but that is a difficult way to go in the South African market. Getting your book into shops is difficult if you are trying to do it yourself. The shops generally have a negative attitude towards authors that publish their own books (Respondent A).

There are exceptions. One shop said they encourage authors to come and promote their self-published books at their shop. They do require the author to do a lot of marketing and to ensure there is a strong attendance when they have a launch (Respondent H).

Shop owners and buyers are the next level of gatekeepers. They decide what they think will sell in their shop. Often, they also decide based on their own interests and beliefs. At least two of the owners that took part in the study will not stock books that are in conflict with their personal beliefs (respondents E and I). That is more important to them than selling. They will also not even order a book they believe is against their own beliefs for a customer. This has quite an impact on accessibility. The books that are possibly available to order, are not all being ordered by the shops because they do not like it or they think it will not sell (Miller, 2006).

This leaves the buyer in a difficult position. Some believe that a pre-selection by the managers and owners makes it easier as there are too many books to choose from already, and this way they get the best selection. However, they do not have the choice to select whatever they want.

Independent bookshops still have much more freedom than chains to stock the books they want. The large retailers operate on much stricter retail principles than the independents. They are usually part of a large company where corporate structures are strong. Stock is a commodity and the managers of the shops at large groups are under pressure to only buy books that will sell within a certain time. This was also found in during research done for this study. Miller (2006) posed that chains had to narrow down their selection and focus mainly on front-list because of pressures from shareholders to become more profitable.

Eight out of the 11 shops in the study have accounts with all the major suppliers. Some are not credit accounts; they are cash on delivery (COD). Even for a COD account, the suppliers require forms to be completed. Payment has to be done into their bank account before they will release the books (Respondent C).

Although the process is not that complicated, it still prevents some booksellers from ordering books from the major suppliers. A fixed address and a bank account are usually prerequisites and many of the informal sellers do not have these. This makes it difficult for them to obtain

new books in the traditional way (Respondent K). This is an entry barrier for many informal and independent booksellers and it prevents them from selling books on the same terms as an established bookseller (Grundy, 2006).

The shops that do have accounts are also often given a very small discount margin in the beginning. This is usually 33% as opposed to large chains that get between 40 and 45% (respondent interviews). The discount is negotiable on turnover mostly. Once a shop is established and is ordering a substantial amount, the supplier would consider a higher discount. This is a problem, though, as most shops in the study cannot order vast quantities. Here suppliers use their bargaining power to get shops to order more to qualify for higher discounts (Grundy, 2006). They do not have sales that are that high, they have limited cash flow and often space is limited. This places them at a disadvantage because they cannot compete in pricing of their selling price with larger shops and chains that get higher discounts (respondents B, D, E and G). This corresponds with what Miller (2006) said regarding discounts and chains: The vast number of books published each year makes it a difficult task as booksellers have to select books they stock according to what their customers want, what they want to sell and possibly what the publishers incentivise them to stock (Miller, 2006).

This ability to choose what to stock is a great advantage of an independent bookshop. They do not have the restrictions that are imposed on store managers of big groups. This is related to “Product” in the Four Ps of Marketing (Baverstock, 2015). The independent shop can stock weird and quirky titles that might or might not sell. They take this risk. They can negotiate to return it to the publisher if it does not sell, if this was agreed upon when it was ordered. Large chains have strict rules regarding stock turn and the time a title can take to sell. They have to buy books that will definitely sell within the first two or three months. They cannot risk a book taking a long time to sell. This affects their stock holding and it is strictly controlled by their administration departments. The independent shop also does want to sell the books they buy, but they can be more lenient and relaxed about it. They might buy a particular expensive title with a particular customer in mind. They have contact that is more direct with their customers and can hand-sell books. They can recommend titles to specific customers. Most

booksellers do this for titles that they really feel passionate about, but it could also be for financial gain. They obviously need the sales for the business to succeed and sometimes publishers offer specific incentives to sales of particular titles (Miller, 2006).

A close relationship that the independent shop owner has with their customers is also, what sets them apart from the larger stores. Managers and not owners manage the large stores. The staff of the shop floor are often not very enthusiastic as it is only a job. Many of that staff in the larger shops are casuals and have no stake in the business. This is of course not always that case, but in the majority of cases that passionate booksellers are rare. The remuneration is also poor and this leads to many qualified booksellers leaving to work for publishers or they go into other industries where they are better paid (respondent interviews).

This leaves the buyer in a difficult position. Some believe that a pre-selection by the managers and owners makes it easier as there are too many books to choose from already, and this way they get the best selection. However, they do not have the choice to select whatever they want. This is a way of marketing by the bookshops. They present a selection to the customer and they try to make it attractive and interesting so that they will buy the books (Raffaelli, 2017).

Customers

Who are your customers? Are these the customers you planned for and expected when you opened your shop? What makes you different from the next bookseller? How do you identify who your customers are? How do you reach your customers? Do your customers give you feedback about your shop? How do they do that and what are they saying? What measures do you take to retain your customers?

Customers and buying behaviour have been extensively studied (Baverstock, 2015). In the interviews, it was also clear that the owners of the bookshops understood how important it is to understand whom their customers are and what they want.

The whole retail industry has become very customer-centric. The respondents all said that customer service was a top priority and that keeping their customers happy is what set them apart from the next bookseller.

One respondent said that they try to create an experience rather than just a shop. Customers want to have fun and be entertained while they shop. This shop changes their displays often and create experiences including add-ons like food, not just books (Respondent E).

Miller (2006) also said that this is what customers are demanding now.

Coffee shops have become common in many bookshops. Five of the 11 respondents interviewed have coffee shops as part of their bookshop. They all said that it forms an integral part of their business and definitely adds to the popularity of their store. It adds to the experience of shopping (Miller, 2006). Some of the shops do not have their own coffee shops but they work closely with a shop in the centre that they use for events, etc. This helps the coffee shop as well as themselves. This is important to sustain local, independent businesses and many of them realise that they have to work together to survive in a highly competitive market with large chains dominating (Respondent B; Raffaelli, 2017).

Customers are generally seen as people who live or work close to where the shop is located (respondents A and C). Location is crucial. The right location can assist greatly in making a shop a success. This goes hand-in-hand with who the customers are. A good location where there are people who are interested in buying books, is essential. Identifying your customers is done by getting to know the area you are in. One of the respondents said that there are many old-age homes in her area and the majority of the customers speak Afrikaans (Respondent B). This is important information to ensure that the shop has the correct books for that market. Another respondent said she chose her location because she knows the area and she knows that there are many readers and book clubs in that area. The bookshop becomes part of the neighbourhood if they serve their customers well and get to know them personally. This is important to be successful as an independent bookshop. You need the

support of the community to rather buy from you than from a large chain. The research has also showed that people see successful independent bookshops as neighbours and part of the community (Miller, 2006).

Nine of the respondents mentioned hand selling as a technique they use often. They said that showing your passion for a particular book is very convincing and often results in a sale. These bookshops take pride in their attention to detail and in-depth knowledge of what they sell. They do not just see it as another product or a title. They also employ staff that share this philosophy. Obviously, it is impossible to read every book in the store, but having a wide knowledge of your selection as well as knowing what your customer likes, sets you apart from a bookstore where such knowledge is not common (Miller, 2006).

Stock

How do you decide what books to stock? What factors influence your buying decisions? Do you have accounts with all your suppliers? How do you manage your admin to maintain payments to suppliers?

Stock, or product, is another one of the Four Ps of Marketing. Having the right books for your market is essential. The booksellers interviewed used different methods of determining what books to buy for their shop (Baverstock, 2015).

Best-selling titles and genres

The best-sellers in each shop depended on what the particular shop focussed on. In one shop, it was Afrikaans Children's books, in another it was Christian books.

All the respondents from the bookshops in the study agreed that Jacques Pauw's *The President's Keepers* was their bestseller in 2017. Local books were very popular, especially non-fiction (respondent interviews). *Not without a fight* by Helen Zille, *Cold Case*

Confession: Unravelling the Betty Ketani Murder by Alex Eliseev and Trevor Noah's *Born a Crime* were all top sellers in 2017.

General international fiction is popular and receives a lot of publicity and exposure. Independent sellers also stock these but they can often not compete with the large chains or online booksellers who often discount these new releases. One of these that was released in 2017 was Wilbur Smith's *War Cry*. Children's international fiction like the *Diary of a Wimpy Kid* series also sells reasonably well (Nielsen sales figures week 1-13 2017).

Local books are by far outselling international titles. The *Publishing Industry Survey of 2016* recorded the local sales of locally published print books at R2 582 751, while local sales of imported print books stood at R569 358 (Struik & Borgstrom, 2016).

Nielsen Bookscan keeps sales figures for books in South Africa. They get sales figures from bookshops. They also provide statistics to these bookshops. Unfortunately, these statistics are flawed because not all bookshops and booksellers belong to Nielsen. Their members are mainly the large chains. Independent and informal sellers do not belong to them because the cost is prohibitive. They have to pay to belong to Nielsen and it is expensive (Respondent C). This is something that could be looked at and re-evaluated. Statistics are not accurate if they are not complete. Nielsen would therefore gain from giving all booksellers access and then getting their sales figures ((Struik & Borgstrom, 2012).

Technology has become a lot more affordable and accessible and most independent bookstores now have some type of computerised inventory system (Miller, 2006). This is very useful in tracking sales and re-ordering stock. The most popular system used in South African bookshops is Wordstock (respondent interviews). It is quite pricey and only four of the shops in the study use it. It has extensive reports and sales history records that can assist the buyer in making an informed decision about what to buy by looking at an author's previous books or evaluating sales of a specific genre.

The expense does prevent most independent booksellers from accessing specialised bookselling software like Wordstock, though. Fortunately, there are many cheaper or free inventory programmes available to use (respondent interviews).

Demand is one of the key factors. The shop owner needs to know their customers and their market to know what they are interested in and how much they are willing to pay for it. Some shops do decide what to stock according to their own belief-systems and preferences. They feel that this is acceptable as they are synonymous with what they sell and they cannot sell something that they do not believe in or that is contradictory to their own belief-system, this view is a minority and most shops owners will stock what they think the market is looking for and what will sell relatively quickly (respondents E, I and J). Having books that sit on the shelf too long without selling, is a problem. It creates cash-flow issues as it is stock that is worth money but if it is not selling, it is a liability (respondents C, D and E). Often these unsold books can be returned to the publisher for credit, if it was bought on an SOR basis. This is risky for the publisher as they could receive stock that is damaged back from the shops. Generally, publishers will not accept that and the shop will be stuck with the book. The reason is that the publishers will resell that book that was returned to the next shop that orders it. This SOR arrangement is usually reserved for larger bookshops (respondents A, C and D). Publishers generally do not offer this to smaller, independent shops as it is not worth their risk. Large shops take bigger quantities making it less of a risk for the publisher. The publisher also wants to incentivise the bookshop to take more stock of their books. Books have to be in the shops and visible to increase the chance of them selling (Miller, 2006). This again has to do with placement (Baverstock, 2015). It is unfair though that the same opportunities are not offered to the smaller shops. They then cannot compete with the larger shops as the terms of supply by the publishers are different. However, the small shop will never be able to achieve the same sales as they large shop if they have to pay more for their books, because they get less discount, and they have to pay within a shorter time and they take all the risk if a title does not sell.

The *Publishing Industry Survey of 2016* also showed that independent shops get much lower discounts from publishers than chain stores (Struik & Borgstrom, 2014). The average discount to chain stores was 44% and to independents was 40% (respondent interviews).

About half of the shops also said that they larger chains get preferential treatment. An example is when a new release is due to be sent to the shops, the large chains often receive their stock before the small, independent shops. This puts them at a major disadvantage. Miller (2006) said this has been a long-standing struggle faced by independent booksellers.

Running a bookshop is administratively intensive. The amount of paperwork that is required is quite vast. The eight bookshops that have accounts with suppliers said that they find managing the accounts took up a lot of their time. Most of the shops do all the administration in-house and it is mostly the owner who reconciles and pays all the accounts (respondents A, C, D and G).

Book buying

Access, availability and range

A major consideration in doing this research was the findings of the 2016 national survey into the reading and book reading behaviour. This found that South Africans want to read more than they are currently doing, but there are barriers to this. Access was one of them as well as finding relevant reading material.

In the course of this study, it became clear that independent bookshops have an important role to play in giving the public access to books that they might not otherwise be able to access. The owners and managers of the shops who are responsible for buying the books have a great deal of power and influence. They curate the selection they present to the customers. This is both positive and negative.

One owner said that the customers rely on her to make a good selection and to ensure that what she has on the shelves is of a high quality and standard. That is why she is reluctant to stock self-published books. The quality of the presentation as well as the editing is often not of a high standard (Respondent A).

Another seller only stocks books that are in line with his Christian beliefs. This is important to him (Respondent J). Yet another store will not stock books that are not aligned to their belief system (Respondent E).

This is a free market and customers do have the right to shop wherever they want to. Customers have bargaining power and they use it (Grundy, 2006). The internet also does make information on all types of books much more accessible. However, the majority of South Africans do not have access to the internet or do not know where on the internet to look for this information. Furthermore, they cannot buy on the internet, as they do not have the facilities.

The information can be used to ask for specific books to be ordered at their bookstore. This is common. Most of the respondents said that they do special customer orders. Some of the books are not locally available though and are not easy to obtain. Not all the independent bookstores have the ability to import books. The most common suppliers that South African bookstores import from are Ingrams in America and Gardners in the UK.

Accounts and administration

The book trade seems to have many processes in place that are cumbersome and outdated. This makes it difficult for a new seller to get into the market. This speaks to the matter of access that forms a key part of this research. Books are not accessible because they are only sold in certain places (Respondent C).

Opening an account with one of the suppliers is difficult. They also give very low discounts to new account holders. Mostly small booksellers have to order and pay upfront before receiving the stock (Respondent C). This means that the bookseller has to go to a bank and make a payment. The books are only sent once the payment has cleared in the account of the supplier. This is a major disadvantage as the process takes long and it is cumbersome; these booksellers cannot compete with larger retailers who have accounts as they get books a lot quicker. This creates a barrier for the informal and independent booksellers, according to Grundy (2006). This is an advantage, especially where new books are concerned. Customers do not want to wait. They will buy books where they are available. Customers do not want to wait to get new releases that are in high demand, such as *The President's Keepers*. They want it immediately and will buy from the shop that has stock; they will not wait for a shop to order it (Respondent E).

Benefits

There are many benefits to having independent bookshops as part of the industry. They bring a unique range to the public that is not always offered by the large chains. They are usually much more in touch with their customers and know what they want. The customer-focused approach is central to 80% of the shops in the study. Range is determined by what their customers want. This is also what makes these shops successful and able to survive in a tough economic climate in South Africa. Many shops have failed and the reasons are different, but not being in touch with your market and knowing what they want and what they are interested in is a major flaw.

Second-hand books are popular in South Africa due to the price being low, making it affordable. There is definitely more to be researched in terms of the scope of second-hand booksellers in South Africa. At present, there are no statistics available on them. Only one of the sellers in the study sells second-hand books, but that is because the focus of the study was on sellers who sell new books. The benefits of selling second-hand books are that it is much cheaper for the customer; therefore you will sell a lot more than new books at a much higher

price. It is also easier to obtain as they are bought from charity stores, people selling their books after having read them and various other sources. The cost is low and that means a low capital layout. This can be done more easily than trying to obtain new books at a much higher cost. New books are also not that easy to get hold of. Mostly they have to be bought from the publisher's representative such as Booksite, RNA or some other distributor. To be able to buy from these distributors, you usually need an account. They do offer an option where you can pay into their account and then have the books delivered. Logistically, this is almost impossible for informal booksellers. Most of them do not have bank accounts and many do not have a fixed shop address as they sell on markets in town (respondent interviews). The distributors also will not let them come to the warehouse to buy and this makes it unfair towards the small bookseller, who cannot then compete with the large shops. They are at a disadvantage due to the red tape involved in buying from the publishers.

The publishers need to realise that they are excluding a large section of the market by being so rigid in the way they operate. There are reports that have proven that South Africans want to read more, but they have to overcome many obstacles and barriers to get the books. Cost is a major factor, but so is accessibility. The books should be available where the people are. That is why the informal book sector in the CBD of Johannesburg is growing so fast. These sellers also want to serve their customers and give them the books they want to read. Second-hand books are an affordable way to do this. This addresses three aspects of the Four Ps of Marketing namely "Price", "Product" and "Placement" (Baverstock, 2015). There are often new books that are in high demand, though. One example is *The President's Keepers*. The customers ask the booksellers for it but they cannot get it from the official suppliers.

Griffin Shea from Bridge Books discovered this dilemma when he was doing research on the booksellers in Johannesburg CBD. He found a way to assist them. He opened a bookshop and opened accounts with the publishers as he was in a position to do so. He would order books from the suppliers on behalf of the informal sellers and resell the books to them at a small profit. This way they both benefit. This is a solution but it only solves the issue for booksellers in Johannesburg. There are similar booksellers all over South Africa that cannot

access new books to supply to their customers. The model used by most publishers in South Africa needs to be re-examined. They can work on ways to be more flexible and have options in place to accommodate these sellers. It will increase their market and will give a wider audience access to their books.

The general idea that often is raised in publishing circles is that South Africans do not read. This is not true if you look at the research. Publishers need to take an active interest in promoting access in all sectors of the economy and will then see an increase in sales as well as increase the reading market. This will ensure a growth sector for reading and publishing in South Africa and secure the future of publishing in the country. Books are often stolen from bookstores and resold in the informal bookshops. The large chains have reported major losses and have often reported about it. Although the researcher does not agree with breaking the law, the reasons why this is happening has to be examined. As explained, the independent sellers cannot access the new books in legitimate ways. They are discriminated against. It is often out of desperation that they will sell stolen books. Their customers demand these titles but they have no way of obtaining it legally and at a cost that will still be profitable to them.

Two foreigner nationals who sell books in the CBD of Johannesburg were also interviewed. They get many of their books directly from Nigeria. Some of the books are well-known titles by American authors. It is unclear if the books are imported into Nigeria and then to South Africa, or if it is printed illegally in Nigeria. The researcher has heard from publishers that there are major operations in Nigeria that are reproducing international books illegally and distributing throughout Africa at very low prices. This is a problem as they sell the same books as other booksellers, but at a much lower price. These books are sold without the permission of the publisher.

Again, the access to legitimate ways of obtaining books is prohibitive and that leads to operations like these. There is a demand for the books and they are fulfilling that need. They do not do it purely to increase reading or for other benefits; the motivation is economical as well. Africa and South Africa have staggering unemployment rates and poverty is

widespread. People need ways to make a living. This is a form of entrepreneurship. Unfortunately, it is not always done in a legal way. These sellers also operate mostly on cash, so there is no record of their transactions. That means that they do not pay tax. This is another loss to the country as a whole. If they are legitimised and brought into the fold as part of the book industry in the country, many people and aspects of the economy will benefit. This will require all involved parties to become actively involved and to change the model that is currently being used in publishing, distribution and bookselling. The industry is quite set in its ways and to get such a major change implemented will be difficult, but the benefits will be enormous. It is something that could be pursued to the benefit of readers and booksellers in South Africa.

Areas for further research

The study did not investigate the customers who are buying books. There is a lot of information that can be gathered from these customers such as what are they reading, where are they buying their books, and what motivates their choices.

The second-hand book market is also mostly unexplored in terms of research. There are many aspects such as where do the books come from, where are they bought and sold, what is the pricing like, which genres are popular and who are the buyers and sellers.

Research on specific books could also be done. The success of a book like *The Presidents keepers* could be a case study. It can look at why some books sell and others do not.

Conclusion

The research has shown that being an independent bookshop in South Africa can be challenging. The systems used to distribute books from publishers to the re-seller is not very user-friendly and accessible. There is a much larger potential market for publishers to access in terms of resellers. Informal bookselling is creating work in a space where unemployment is

very high. There is definitely more that can be done by publishers to encourage and support this.

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APPENDIX A: EXAMPLE OF QUESTIONNAIRE:

- Questions:
- What are the reasons that made you sell books specifically?
- How do you see your business developing? Are you thinking of expanding or downsizing? Opening more stores or closing down? What are your plans for the future?
- What makes you different from the next bookseller?
- Who do you see as your market? Who are you aiming at?
- Do your customers give you feedback about your shop? How do they do that and what are they saying? How do you reach your customers?
- What measures do you take to retain your customers?
- What marketing do you do to promote your business?
- Social Media
- Word of Mouth
- Newspaper ads
- Events
- How important is location and what factors did you consider or what factors influenced your decision?
- How do you decide what books to stock?
- What factors influence your buying decisions?
- What are your best-selling titles at the moment?
- What are your best-selling genres in general? Is that what you expected?
 1. Fiction
 2. Non Fiction (specify)
 3. Children's books
 4. Educational
- What are customers asking for that you cannot find from publishers?

- Do your customers have any issues regarding pricing? Do they want to negotiate a lower price? Do they buy more at a lower price? Do you have accounts with most publishers and/or suppliers?
- What discount are you offered by the suppliers? Are these negotiable and under what circumstances?
- What are the repayment terms they offer? Are these negotiable?
- Are you allowed to return unsold books for credit?
- How do you manage your admin to maintain payments to suppliers?
- Are many of your books supplied by the authors themselves?
- How do you manage dealing with small publishers and authors
- Are you part of Nielsen Bookscan? If yes, what are the benefits? If no, why not?

APPENDIX B: SAMPLE OF CONSENT FORM

Participant Information Sheet

21 November 2017

Dear _____:

This letter is an invitation to participate in a study I am conducting for the Department of Publishing Studies at The University of Witwatersrand. My supervisor is Colleen Dawson. I would like to provide you with more information about this project and what your involvement would entail if you decide to take part.

My research is on Independent and Informal Booksellers in Gauteng, Limpopo and the North-West Provinces in South Africa. (Insert the Focus of the Course Project). The research will help me learn more about the topic area and gain information that can be documented and used by others in the Book- and Publishing industry in South Africa.

Participation in this study is voluntary. It will involve an interview of approximately one hour in length to take place in a mutually agreed upon location and time. You may decline to answer any of the interview questions if you so wish. Further, you may decide to withdraw from this study at any time by advising the student researcher. With your permission, the interview will be tape recorded to facilitate collection of information, and later transcribed for analysis. All information you provide is considered completely confidential. Your name or any other personal identifying information will not appear in the course project paper resulting from this study; however, with your permission anonymous quotations may be used. Notes and/or tapes collected during this study will be retained for two years in a secure location (stored in a password protected computer) and then destroyed. Only the course instructor and I will have access to the data. There are no known or anticipated risks to you as a participant in this study.

If you have any questions regarding this study, or would like additional information to assist you in reaching a decision about participation, please contact me by e-mail at ronel.kelso@nb.co.za. You can also contact my course instructor, Colleen Dawson e-mail Colleen.Dawson@Wits.ac.za.

I would like to assure you that this study has been reviewed and approved by the Research Ethics Review Board of The University of the Witwatersrand. However, the final decision about participation is yours. If you have any comments or concerns resulting from your participation in this study, please contact me at 079 104 7492.

I very much look forward to speaking with you and thank you in advance for your assistance in this project.

Sincerely,

Ronel Kelso
079 1047492
ronel.kelso@nb.co.za

Colleen Dawson
011 717 4140
colleen.Dawson@wits.ac.za

CONSENT FORM

I have read the information presented in the information letter about a study being conducted by **Ronel Kelso** for a **Publishing studies** course project at The University of the Witwatersrand. I have had the opportunity to ask any questions related to this study, to receive satisfactory answers to my questions, and any additional details I wanted.

I am aware that I have the option of allowing my interview to be tape recorded to ensure an accurate recording of my responses.

I am also aware that excerpts from the interview may be included in the course project paper to come from this research, with the understanding that the quotations will be anonymous.

I was informed that I may withdraw my consent at any time by advising the student researcher.

This project had been reviewed and approved by the Research Ethics Review Board at The University of the Witwatersrand. I was informed that if I have any comments or concerns resulting from my participation in his study, I may contact Colleen Dawson at Colleen.Dawson@Wits.ac.za or 011-7174140.

With full knowledge of all foregoing, I agree, of my own free will, to participate in this study.

YES NO

I agree to have my interview tape recorded.

YES

I agree to the use of anonymous quotations in the course project paper

YES

Would you like to remain anonymous?

YES

Can your name be used in the report?

YES

Participant's Name (please print) _____

Participant's Signature _____

Date _____

Researcher's Signature _____

Date _____

Researcher's Title _____

Department _____

Faculty Advisor Signature _____

Date _____

Faculty Advisor Title _____

Department _____

PLAGIARISM DECLARATION


I, Ronel Kelso (Student number: 1118637), am a student registered for the degree of Masters in Publishing Studies in the academic year 2018.

I hereby declare the following:

- I am aware that plagiarism, that is the use of someone else's work without their permission and/or without acknowledging the original source, is wrong.
- I confirm that the work submitted for assessment for the above degree is my own unaided work except where I have explicitly indicated otherwise.
- I have followed the required conventions in referencing the words, thoughts and ideas of others.
- I understand that the University of the Witwatersrand may take disciplinary action against me if there is a belief that this is not my own unaided work or that I have failed to acknowledge the source of the ideas or words in my writing.

Signature: _____

Date: _____


01/02/19

