

# Battle of the books

Pacific Avenue

## Superstores transform competition

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**S**UNSHINE SLASHES the tiles of Bookshop Santa Cruz where a tow-headed child is pushing a wooden rocking horse into a rolling gallop. The rocking horse, like the wing chairs sprinkled through the store, are hallmarks of Bookshop Santa Cruz, an eclectic warren of books and one of the best known independent bookstores in the Bay Area.

Across Pacific Avenue, but separated by a cultural divide as deep as the San Andreas fault, is the very different atmosphere of Super Crown Books, where other book lovers wander the wide, neatly aligned aisles, punctuated with large discount signs and wing chairs. These stores represent the two sides of a war being waged nationwide between long-established independent booksellers and the superstore chains that are muscling into markets across the country.

The rapidly-expanding superstores have hurt many of the smaller booksellers as the competition intensified during the past three years. The American Booksellers Association reports nearly 100 independents closed between July 1993 and this past December. The independents are "having to remake themselves in the face of competition," said Bernard Rath, executive director of the ABA. "It's just very, very difficult. The market is flexible to



Sales have 'flattened' at Bookshop Santa Cruz, above, after Super Crown, top, moved in down the street.

some degree, but it's not infinite."

Industry retail sales inched up 0.6 percent in fiscal year 1995, which ended in January, while sales for the four largest corporate owned bookstores increased 17.4 percent, according to the trade publication Bookselling This Week.

Like other retail segments invaded by superstores, the competition ultimately will result in more consolidation, Rath predicted. But "to the degree independent bookstores can stay out of the line of fire, obviously they'll have better success," he said.

Twenty years ago, Americans usually bought books at cluttered

bookstores tucked in corners, small shops and malls in their neighborhoods.

Today, the superstores average 10,000 square feet to 60,000 square feet, each carrying at least 100,000 titles, many at a discount. Some also have music and videos, with electronic kiosks where products can be previewed.

The two largest chains are Barnes & Noble, with about 358 superstores in 45 states and about 22,000 full- and part-time employees; and Borders, which has 124 superstores and more than 17,000 full- and part-time employees.

The New York-based Barnes & Noble also operates mall book-

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stores under the names B. Dalton Bookseller, Doubleday Book Shops and Scribner's Bookstores; a mail order business and a publishing arm that turns out private-label books.

The Ann Arbor, Mich.-based Borders also operates mall stores under the name WaldenBook Co. Inc., and music stores under Planet Music Inc. Co.

The big chains say they offer an alternative, a sort of cultural haven where people can read leisurely, socialize, attend seminars or concerts and participate in book readings — sort of a public library with a cash register. Because of their size, they are able to order books from publishers at a discount that the independents often cannot obtain.

Critics believe the superstores are impersonal, cut corners on staff expertise and personalized service and offer a narrower range of titles.

But Stephen Riggio, Barnes & Noble executive vice president for merchandising, insists his chain is not so different from the independents. He contends that Tattered Cover, which is private-

ly owned with two stores, could be considered a chain.

"We built our business from a single store," he said. "We have been more innovative in bookselling than any bookseller in history. We've introduced selling, marketing and expanding that book market that nobody before had ever contemplated. It's taken 30 years to do it."

At Borders, marketing vice president Marilyn Slankard said, "We do compete, but we believe there is room in the market for small stores and large stores and that customers often like to have a choice and like to visit both."

To counter the competition, many independents have expanded into book-signings, seminars and reading groups. Some have focused on specialties, such as bargain corners, and rare or used books. Others have added coffee bars.

In Santa Cruz, Bookshop Santa Cruz was already in fighting shape with about 75,000 titles, a new store built after the 1989 earthquake, and a fiercely loyal customer base, hundreds of whom who had carried books from the earthquake ravaged former store.

But owner Neal Coonerty went to work anyway, starting a year in advance of Crown's opening to find ways to move ahead of the competition.

He developed a frequent buyer's club which gives buyers a 5 percent discount, started a newsletter which is mostly about books but also has articles on industry issues like chains vs. independents. He improved the turnaround time on special orders, replaced scheduled sales with discounts on New York Times best sellers, and extended store hours later into the evening.

When the 13,000-square-foot Crown opened last October, Bookshop Santa Cruz's sales moved ahead initially, and since have flattened. "They hit us as hard as they could, and we survived it," said Coonerty.

The real issue, says Coonerty, is not just price. It's that chain bookstores, with their emphasis on bestsellers, will lead to publication of fewer books. "The cost is restricting selection," said Coonerty.

*Sentinel wire services contributed to this report.*