

Between the Lines

Critics say a new marketing scheme at Borders bookstores threatens the public's access to ideas

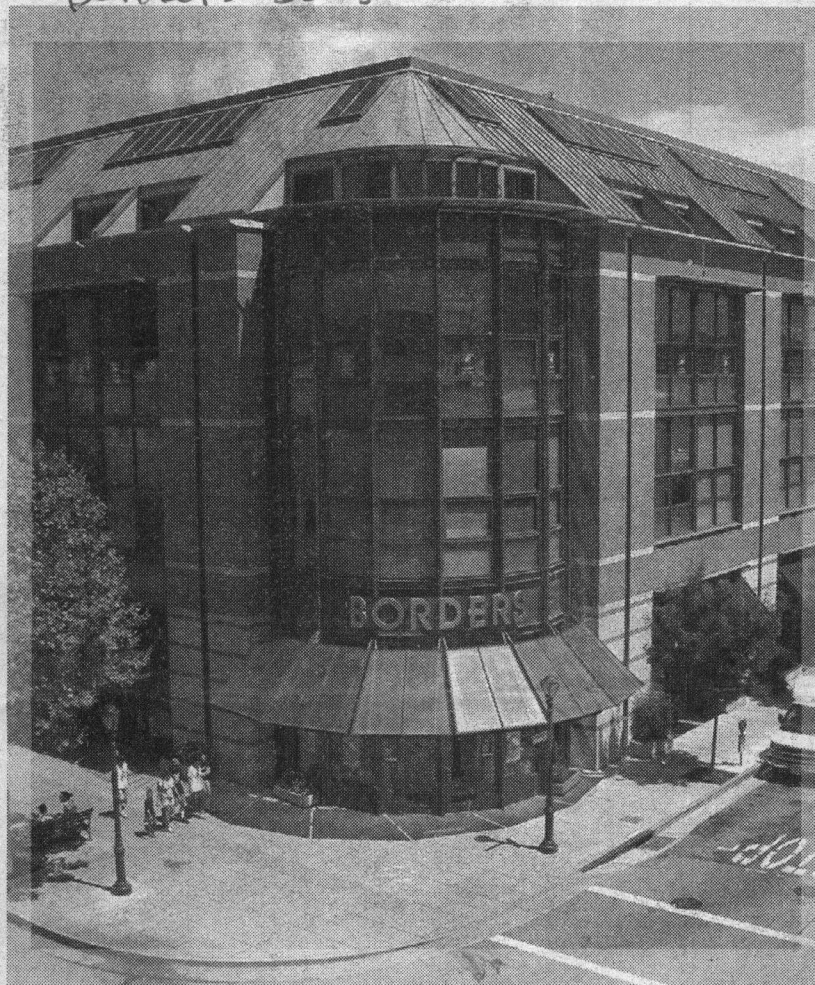
by Don Frances

Borders Bookstore

"The Kremlin would have found it difficult to invent a more subtle and effective way of suppressing original viewpoints and ideas." —letter to Borders from Ralph Nader and others

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—Mike Jackson, Santa Cruz Borders



Marketing strategy isn't usually the thing to get people's dander up. But when Borders Group, the nation's second largest bookstore chain, recently unveiled plans to alter its marketing strategy, the announcement caused a clamor among many of the nation's best-known social critics—Ralph Nader and Noam Chomsky among them—who say the decision could limit access to ideas and, by extension, democracy itself.

Two months ago, in an open letter to Borders CEO Gregory Josefowicz, Nader, Chomsky and 25 other high-profile critics denounced the company's plans and urged top brass to reconsider. The new strategy—known in corporate circles as "category management"—"likely will slash the range of book titles and ideas available to the public," they wrote. "It will jeopardize smaller presses; and, worst of all, it will further strengthen the hand of publishing conglomerates that have too much power already."

"The Kremlin," they concluded, "would have found it difficult to invent a more subtle and effective way of suppressing original viewpoints and ideas."

In response, Borders executives say they're just trying to improve selections for their customers, to separate the wheat from the slow-selling chaff. So far, category management has only been applied to a handful of the stores' 150 identified categories—such as mysteries, cookbooks, self-helps, etc.—but employees say it's already working.

"It seems like it's done a good job making our inventory levels more efficient," says Mike Jackson, general manager of the downtown Santa Cruz Borders bookstore and a 12-year veteran of the business.

Cereal Shelf Fillers

A favored system among grocery chains since the 1980s, category management divides a store's merchandise into various categories, then invites

the suppliers of each category to underwrite marketing research on that category. (It's appropriate that category management would be implemented by Josefowicz, who spent 22 years in the supermarket business.) For example, in the category of breakfast cereals, Kellogg's might conduct polls and other research on the popularity of its different cereals among different age groups, different racial groups, and so on, and would then pass that information on to the grocery chain. In return for the research—and, in the case of Borders, an additional hefty fee from the publishing house—suppliers get to help the stores determine how to stock their shelves.

The system seems to be effective in helping large chains keep their inventories up to speed. But Gary Ruskin of Commercial Alert, a Portland, Ore.-based nonprofit which he founded with Nader four years ago, says what's good for Borders isn't necessarily good for the rest of us.

"The problem with category management is that it will provide large booksellers with special advantages in Borders' 1,190 stores across the country, and will place smaller publishers at a disadvantage," Ruskin says. "That may lead to less diversity in the number of titles available to the public in general, and may lead to some smaller booksellers going out of business. This, he adds, "could hurt minority and unpopular views."

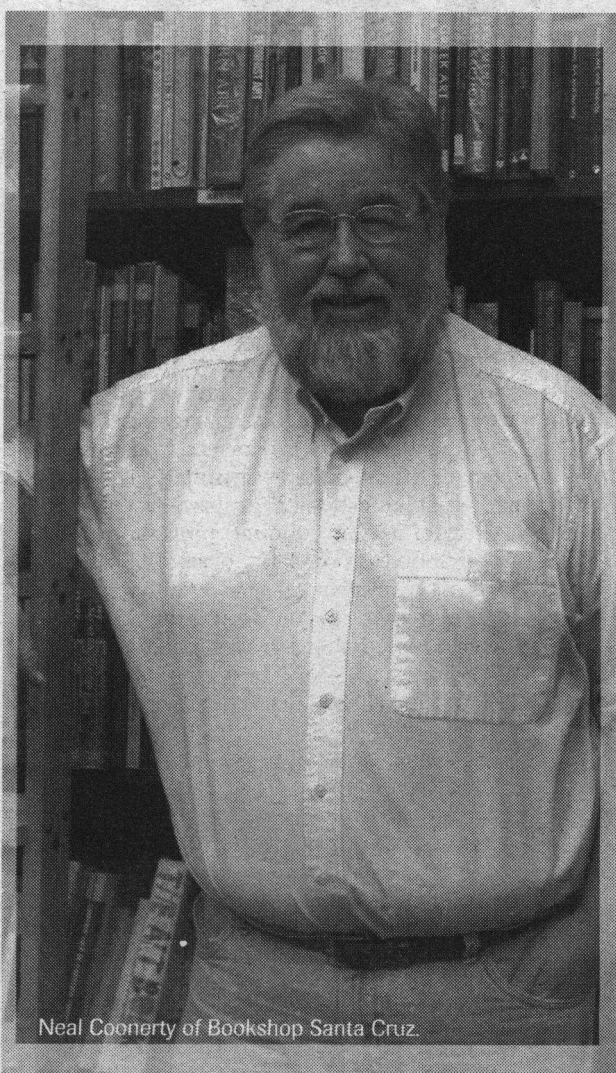
That's assuming, of course, that smaller publishers will be muscled out of the decision-making process. At the local Borders, Jackson counters that assumption, saying he believes even small publishing houses will have a seat at the table in their respective categories. (Borders corporate executives were not immediately available for comment.) Each store's selections will still be tailored to their own communities, Jackson says, and the new system "is not an exclusionary step. There are actually smaller vendors that we work with. ... I don't know if [Nader] necessarily understood what Borders' version of category management is."

Whatever it is, or turns out to be, Jackson's store will always be somewhat unique within the Borders chain thanks to Santa Cruz itself, a famously book-friendly town. This fact is in evidence, only a few paces away down Pacific Avenue, by the constant crowds mulling through merchandise at Bookshop Santa Cruz.

One of the largest and most successful independent bookstores in the country, Bookshop Santa Cruz's inventory has no need for market research, says owner Neal Coonerty. Rather, shelves are stocked the traditional way: with experience and common sense.

"We have buyers that've been here for a long, long time who decide what books to bring in," he says. These buyers, he notes,

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Neal Coonerty of Bookshop Santa Cruz.

have “generally worked here for more than 20 years and know the community. Our focus group is the customer that walks in the bookstore and buys the books.”

It’s a time-honored method—and one that could disappear quickly, critics say, if Borders and the nation’s largest bookselling chain, Barnes & Noble, both decide to switch completely over to category management.

Homogenized Bookstores

Coonerty, who has owned Bookshop Santa Cruz for 29 years, speculates that market research may become necessary “when you’re a chain and you’re out of touch with your community.” But is the Borders research honest, he wonders, or is it just a way for the bookselling giant to hit up publishers?

“It’s not clear what turn it’s going to take,” he says. “If it ends up you’ve got to buy shelf space to get a book in the bookstore ... then I think it’s a bad idea.”

Asked why publishers would go for such a setup, Coonerty says that “almost all the publishers are smaller than the two major [bookstore] chains, and it makes it harder to refuse any initiative from [them] ... Usually suppliers are much bigger than the companies they sell to, but here it’s reversed.”

So is category management an abusive arrangement resulting from an imbalance of power? Or is it simply smart business on the part of Borders executives? Ruskin, of *Commercial Alert*, believes it is merely a “market-driven process”—fiscally responsible, perhaps, but socially irresponsible, especially when applied to a product so important to the health of the culture.

“Corporate methods,” he says, with their grinding homogeneity, already have “laid waste to pop music, radio, television.”

“Can we have a democracy when our bookstores are run like Wal-Marts?” Ruskin ponders.