

RISE
BOOKSELLING



Industry Insights

Returns

 **eibf**
The voice of booksellers



What is Industry Insights?

RISE Industry Insights is a series of research papers that looks into priority topics for the bookselling sector. They will give insights into key issues, policy reforms and external initiatives that affect the bookselling sector. In addition, they will provide network members with tools to engage with relevant political stakeholders, culture sector professionals and private sector representatives to ensure that their priorities are adequately upheld and supported.

This Industry Insight paper was produced by Daniel Martín Brennan and Tora Åsling, Policy Advisor and Policy Assistant respectively at the European and International Booksellers Federation (EIBF). EIBF is the organisation behind the RISE Bookselling programme.

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Introduction

The possibility of returning unsold books for credit or refund is often considered an essential part of the bookselling business, because it allows booksellers to minimise financial losses while still investing in a wide offer of books for their customers. Returns can, however, present bookshops with additional work and costs, such as administration, logistics, and transportation. Not to mention the environmental impact of returns which, for the past decade, has been highlighted as a concern for many booksellers.

Since the returns process is often similar, but rarely identical, across national borders, juxtaposing different systems and examining their inherent efficiencies and challenges is likely to bring valuable lessons and insights to the light. Furthermore, considering the limited circulation of information on this topic beyond national borders, this paper aims at filling in knowledge gaps and spreading awareness for the overall improvement of the returns process in the book trade.

In this paper, by presenting seven countries with different returns systems as case studies, we aim to investigate the underlying factors behind the national differences in return rates. Moreover, we will identify the challenges that arise from unsold or returned books, as well as discuss the environmental impact of these returns. Finally, we explore more sustainable ways of returning unsold books and look into innovative solutions already in place to drive down returns. We humbly hope that this paper might spark further interest and trigger the sharing of knowledge and skills that might facilitate the daily lives of booksellers across the globe.

Background

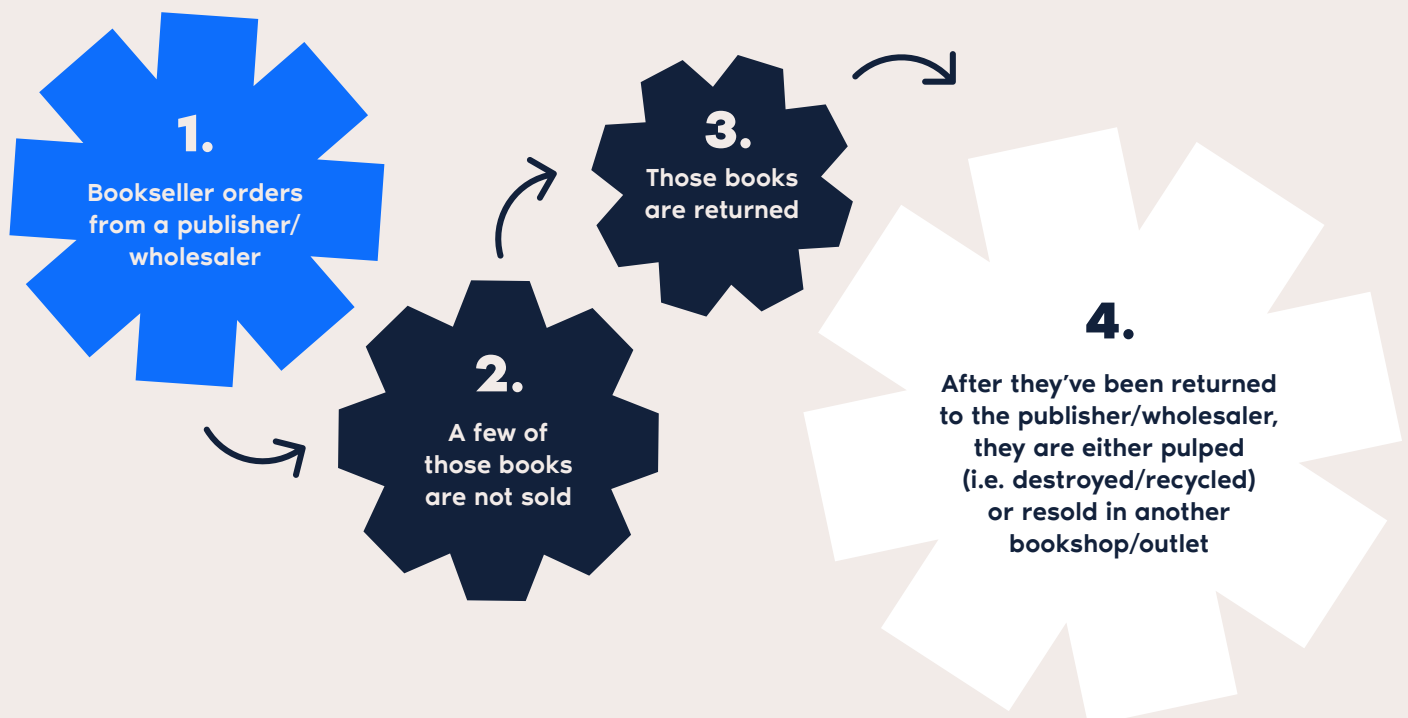
Context and methodology

While the returns process consists of essentially the same elements across markets – i.e., newly published books, which a bookshop will not or cannot sell, are shipped back to the publisher or wholesaler, who then either tries to resell or decides to pulp, that is recycle or destroy, them – some details vary and make key differences in how returns are managed in different countries. It is these key differences which we will take a closer look at in this Industry Insight paper: what works well in the different processes? Are there any specific challenges in certain countries? What lessons can be learned from the different systems already in place?

For this research paper, seven countries were selected on the basis of the following criteria: variety of returns systems, high and low return rates, wide geographical representation, and linguistic diversity. Consequently, the selected countries for this paper are the following: **Latvia, Luxembourg, the Netherlands, New Zealand, Slovakia, Spain, and Sweden.**

This Industry Insight paper is based on interviews with members of the European and International Booksellers Federation (EIBF), i.e. Booksellers Associations and their bookseller members, as well as representatives from the book supply chain. The interviews showed that booksellers generally have little to no insight into other markets' systems and solutions regarding returns. Thus the need for a research paper, to bridge these knowledge gaps, became apparent. This research paper will be especially useful since, as the reader will learn further down, some of the solutions sought in some countries are already in place in others.

All data and statistics on national book markets in this paper are based on information given by the interviewees, i.e. national Booksellers Associations, their members, and industry representatives.



Existing return models

Across the seven surveyed book markets, we have identified three typical types of contracts between booksellers and publishers or wholesalers that decide how, when, and if a bookseller may return unsold books bought from that publisher/wholesaler. Regardless of the type of contract and country, there are usually two or three big return periods per year. Typically, these are the quieter times of the year, for instance after the Christmas holidays in February or March, or during late summer or early autumn. The different contracts are as follows:

1. Firm sale

Firm sale, for the most part, means that the bookshop receives an invoice for the books they ordered from the publisher/wholesaler at the same time as they are delivered in the bookshop. How many days the bookseller has to pay the invoice varies, but a common time frame is 30 to 60 days. Typically, the bookseller is not allowed to return books bought on a firm sale contract.

2. Contracts with right to return

The contracts that give the bookseller the right to return unsold books within an agreed time period are the most common types of contracts in many Western countries. In general, booksellers and publishers negotiate bilaterally and agree on the terms in a contract which states which books may be returned and when.

Just like books bought on firm sale, these books are often invoiced upon delivery, meaning that the bookseller needs to pay for the books within 30 to 60 days after they have been delivered to the bookshop. What is different from firm sale contracts is that the bookseller is allowed to return books bought on this contract and obtains a credit from the wholesaler/publisher to spend on new books.

How long the bookseller may keep the books before returning them varies greatly, from two months up to 24 months, and depends entirely on what was negotiated in the contract between bookseller and publisher/wholesaler.

When the bookseller wishes to return books, they send a returns request to the distributor/publisher and once it's been approved, ship the books to the publisher or the distributor that the publisher has entrusted with the delivery and returns processing of their books. The distributor will then store the books in their storage, but it is up to the publisher to decide whether they want to try to sell the books again or prefer to pulp them. When the publisher uses a distributor, the latter is usually tasked with sending the returned books to be pulped at recycling centres.

i. Trusted returns – within contracts with the right to return we also sometimes find “trusted returns”, which, to avoid having to transport the returned books long distances, allows for publishers to “trust” retailers to keep credited books and dispose, i.e., recycle, them within reasonable time. As explained further below, several countries have attempted to introduce this type of returns model.

3. Contracts on consignment

Though there are some Western countries that use consignment to varying degrees, this business model is most common in Central and Eastern European markets, where the book business works almost exclusively with contracts on consignment. Since both Slovakia and Latvia operate with this model, the following definition is based on information given by the Slovak and Latvian Booksellers Associations, though it means there may be national variations in other markets with the same model.

Essentially, within the consignment model, bookshops only pay for the books they sell, once they have sold them. This means that publishers or wholesalers deliver books to the bookshop without an invoice and when bookshops return books, they do not get any credit for them. It is only after the book is sold that the bookshop is obliged to report the number of sold books and pay the publisher or wholesaler the sum that is due. Usually,

reporting of bookshop sales is done on a regular basis, either monthly or at longer intervals. These reports provide the basis on which bookshops are invoiced.

Furthermore, the consignment model mainly distinguishes between two types of returns:

i. Demanded/solicited – the publisher/wholesaler demands the return from the bookshop. This could happen for example if there are not enough copies of a title in stock in the publisher's warehouse and one specific bookshop has more copies than they need. This type of return can only be requested within a specific time period that was previously agreed, usually between 60 and 90 days after the book has been delivered to the bookshop.

ii. Unsolicited – what bookshops choose to return, perhaps because they need more space for new, frontlist titles. The bookshop may only request to return books after the time period reserved for solicited returns, usually after 60 or 90 days.

Results of case studies

The following section presents the information and data that was gathered through interviews with representatives from national Booksellers Associations (BAs), booksellers, and actors in the supply chain. We examine the specificities of each of the seven markets by taking a closer look at the different actors, stock management systems, regulations and shipping realities, as well as statistics on return rates and pulped books.

Latvia

Quick order delivery and small bookshop stocks


2M
POPULATION

2000 
TITLES PUBLISHED
EVERY YEAR

120 
BOOKSHOPS

 **2**
DISTRIBUTORS

 **200**
PUBLISHING
HOUSES

<5% 
AVERAGE
RETURN RATE

Market overview

A little shy of two million inhabitants, Latvia is a bilingual country, with about two thirds of the population speaking Latvian as their mother tongue and one third are Russian native speakers.¹ Hence the Latvian speaking book market is one of the smallest book markets in this study.

Every year, about 2 000 titles are published in Latvia. With no fixed price, these books are published by the country's roughly 200 publishers, out of which circa 60 are active and publish books on a regular basis, distributed by two wholesalers, and sold in approximately 120 bookshops across the country. Out of those 120, roughly 80 belong chains and 40 are independents.

The average percentage of returns in the Latvian market is estimated to be less than five percent. A remarkably low number which Inara Belinkaja, President of the Latvian Booksellers Association, accounts in equal shares to the

small size of the market and the consignment model, by which most book business in Latvia is conducted. Inara elaborates that due to the low number of published titles, quick order-processing, and delivery services, Latvian bookshops generally order small quantities of books from publishers/wholesalers and do not keep big stocks. Quite naturally, smaller stocks lead to fewer returns.

One might argue that another reason behind the low return rates can be attributed to the fact that the consignment model removes the economic incentive to return books. This is because, as was outlined above, bookshops only pay for the books after they've been sold. Thus, since the bookshop has not yet paid the publisher/wholesaler for the book, it is not potentially losing any revenue or credit by deciding to keep a book on its shelves rather than return it. Furthermore, Latvian bookshops often take the opportunity during national book festivals to offer books that they haven't managed to sell within the year at a very low price.

¹ "Latvia," Encyclopædia Britannica, accessed March 29, 2023, <https://www.britannica.com/place/Latvia#ref37303>

There are a few exceptional cases when books are not offered on consignment. For instance, books ordered from foreign publishers or wholesalers are not on consignment. Typically, this concerns books in foreign languages, like travel guides or textbooks. Most often, these books were bought on firm sale which means they cannot be returned. However, since these books are only ordered in small quantities, the very few that cannot be sold even at a discounted price are often donated, for instance to schools, libraries or prisons.

All the above-mentioned factors contribute to keeping the number of returned books low and, in turn, contribute to keeping pulped books at a virtually nonexistent percentage. Other solutions that might help keep returns low, such as print on demand services, are not often requested. It is an expensive service and only two or three Latvian bookshops and publishers offer it. Therefore, it is mainly self-published books that are printed on demand.

Stock management and workload

There are several, highly efficient stock management software programmes available to Latvian booksellers and some of the bigger chains have worked with software providers for decades to develop the best solutions. However, the biggest bookshops all use different software providers, and thus different systems. Often all IT solutions, i.e, accountancy, backups, data, and sales statistics are included in one programme. Thanks to these intelligent software systems, the small stocks bookshops generally keep, and the absence of an economic incentive to return thanks to the consignment model, Latvian booksellers generally spend very little time on returns.

In the most common agreements, books may be returned at any time up to 90 days after they were delivered. After these 90 days, the bookseller may still negotiate a return or a reduction of the book price to offer it on sale. As always, when books are on consignment, the bookshop doesn't pay for the book until it has been sold, thus the bookseller may, and usually does, keep the book for longer than the stipulated 90 days because they are certain that the books will sell in time. Whether the bookshop or publisher pays for the transportation of the books depends on what was previously agreed between the two parties.

Sustainability

In general, the boxes in which the books are shipped from the wholesaler to the bookshop are reused for returns, and then sent back and forth between the two multiple times with orders and returns. Only when they are too damaged from the transportation are they disposed of. Moreover, the cardboard packaging for online orders from the big chains is almost always recyclable.





Luxembourg



Trilingual market exporting 90% of their returns



660,000
POPULATION



300
TITLES PUBLISHED
EVERY YEAR



18
BOOKSHOPS



2
DISTRIBUTORS



10
PUBLISHING
HOUSES



15%
AVERAGE RETURN
RATE FOR ERNSTER



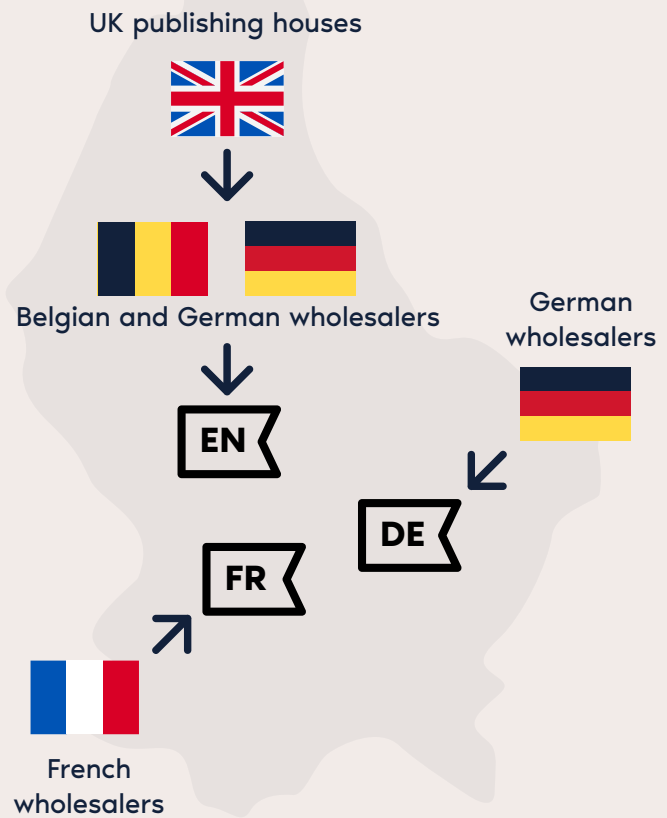
Market overview

With just above 660,000 inhabitants, Luxembourg is a small trilingual country that, due to the presence of many international businesses and European institutions, also has a big foreign workforce.¹ Even though Luxembourgish is the national language and German and French are official languages of administration, only very few books are published in Luxembourgish and thus the three languages that dominate the book market are French, German, and English. Due to this linguistic diversity, Luxembourgish booksellers import most books from abroad. In fact, only 10% of the Luxembourgish book market's turnover are accounted for by books published in Luxembourg. The rest are imported from France (40%), Germany (40%), and the UK (10%).

Roughly 300 titles are published every year in Luxembourg and sold in the country's approximately 18 bookshops, out of which nine belong to the chain Ernster and the rest are independent. About a third of these 300 titles

are published by the end of the year, in relation to the country's book fairs and the Christmas sales period. In sum, roughly 18 bookshops, two distributors, ten larger publishing houses and many more small publishers keep the wheels of the Luxembourgish book market turning. The country's only chain that acts as both bookshop and distributor, Ernster, was interviewed for this study and the following information is based on their answers.

As a rule, French books are imported from France and German books from Germany, but English books are often imported through German or Belgian distributors. In general, Ernster can keep German books for seven to ten months, returning them during the big returns period which take place twice per year. Moreover, books published in Luxembourg are kept the same amount of time but there are five return windows for these books per year. Lastly, French books must be kept for minimum three months and maximum nine months and the return quota is calculated based on the initial purchase. English books from Belgian or



German distributors should remain in stock at least six months before they can be returned.

Ernster reports an average return rate of 15% from its bookshops and 30% from what is called the secondary market, i.e. supermarkets and kiosks to which Ernster as a distributor also deliver books. All returns from Ernster’s bookshops go through Ernster’s central logistics centre to then be dispatched to the company’s respective suppliers in the above mentioned countries. When unsold French, German and English books, which were imported from France, Germany, and Belgium respectively, are returned, they are either resold or pulped at the distributors’ or publishers’ will. Finally, Luxembourgish books are almost always put back on the market and very rarely pulped.

Most often, foreign suppliers deliver books with an enclosed invoice and payment is due after a set period of typically 30 to 60 days. Once the books that weren’t sold have been returned, Ernster receives credit for them which can

typically be used to purchase new books for up to ten months. However, some smaller publishers sometimes require advanced invoicing, while other Luxembourgish, self-published authors, offer books on consignment, i.e., only requesting payment for sold copies after the agreed sales period, e.g. six months, has passed.

In Luxembourg, there are publishers who offer print on demand (POD) services, but bookshops rarely offer this service to their customers. For instance, the Ernster bookshops only offers this service for specific customer orders. According to Ernster, the advantage of POD in general is that titles that are not in frequent demand can be requested at any time and do not have to be stored somewhere and gather dust. The disadvantage is that POD titles are always delivered without the right of return, so that purchasing or advertising them in the bookshop is usually not economically viable, should the customer regret their order and wish to return the book.

Stock management, workload, and costs

There is no single stock management system that is used nationally across Luxembourg. Instead, each bookseller works with the system of his or her choice, usually on a contractual basis with an external provider. As an example, the Ernster bookshops use a high-performance system from Switzerland that can handle the very different German and French book market systems as well as other special features of the Luxembourgish market. In addition, the system also handles stock management for the chain's non-book and stationary products and also provides sales data.

Currently, returns are not integrated in the abovementioned stock management system so Ernster has to work with an additional module separate from the regular system to process their returns. The constant switch between modules makes processing returns unnecessarily time consuming. For this reason, they are currently working with their provider on an updated version that will enable the programme to streamline both orders and returns in the same module. At the time of the interview, this version was to be launched shortly.

All nine Ernster bookshops have a centralised stocking and purchasing system, though the department manager in each bookshop is involved in the curation. In the bookshops,

returns are processed every month or every other month and sent to the company's logistics centre, where they are bundled in pallets in preparation to be returned to the various countries from which they were ordered. Ernster pays for the transportation of delivery and returns according to a turnover-based kg scale.

Sustainability

At Ernster, it is common practice that the boxes and parcels used to deliver books, are also used to return them. Returns coming from the different shops are shipped to the centralised logistics centre, where they are bundled on pallets. When couriers arrive with new orders from the wholesaler/publisher from the various countries mentioned above, the returns are loaded onto these same couriers so that they never drive back to their respective countries with an empty cargo.

On a last note, Ernster sometimes negotiates a type of "trusted return", where the publisher entrusts them to recycle, i.e. pulp, books locally in Luxembourg instead of returning them to the original distributors, thus avoiding unnecessary transportation costs and emissions. However, this is rarely practiced and only concerns around 3-5% of all returned books. Naturally, it only applies to books which the distributor was already planning to pulp following their return.





The Netherlands



A centralised system



Market overview

The Netherlands is a small but densely populated country, with over 17 million inhabitants. It has a strong book culture, with over 14,000 new titles being published in 2021, and a rather unique book industry. Despite its small size, the Dutch Booksellers Association counts with 1,500 independent bookshops and chains in its membership. The Dutch book value chain also includes over 1,000 publishing companies of all sizes, with 40-50 of them being strong and well established. However, what arguably makes the Dutch book sector so unique is that it operates with a single centralised distribution system for the whole country.

With approximately 40 million books in stock, the Centraal Boekhuis (CB) operates as the main wholesaler and distributing entity in the country, acting as the connecting point between booksellers and publishers in their daily business operations. How does this affect the returns process? Mathijs Suidman, Chief Commercial Officer (COO) at CB, and Anne Schroen, Director of the Dutch Booksellers Association (Koninklijke Boekverkoopersbond – KBb), explained us how it works.

CB has an online centralised portal that is accessible to all booksellers and publishers who use their services to manage their orders.

Through this portal, booksellers are able to request returns with publishers directly for titles that are purchased with the ‘right to return’, which are the most common types of agreements between publishers and booksellers. Booksellers can issue a return request at any given time in the year, but once approved, they must send the books back within two weeks of issuing the request. Publishers can then choose via the portal whether they approve the request and determine what kind of procedure will follow: either a return to CB for warehouse restocking, for the book to get pulped or to leave the book in the bookstore and trust that booksellers will either sell them or pulp them themselves. This last option is referred to as “trusted returns”, which was defined earlier in this paper. In any case, the decision taken by publishers is made based on stock and turnover rate data, which can be viewed on the CB portal.

Out of an estimate of 50-60 million books in circulation in the Dutch book market in 2021, approximately 3 million books were approved to be returned by publishers via CB, resulting in an average book return rate of 5-6%. What happens to these 3 million books once they are returned? Let’s break it down.

The vast majority, 2.8 million books, go back to CB to be processed. After a thorough quality check, most books (approximately 2 million) are

re-stocked in the CB warehouse, with 1 million of them (or 1/3 of the total returned books) to be redistributed to retailers for another chance to be sold. And the books that don't make it through the quality check or simply don't get restocked? They end up getting pulped. In total, this happens to around 2 million books a year.

A small number of books, approximately 200,000 out of the 3 million above stated, fall under the category of "trusted returns", as introduced earlier. This system, created by CB in 2012 at the request of the Dutch largest publishers and retailers, calls for publishers to "trust" retailers to keep the credited books and either try to resell them as 'damaged' or, instead, dispose of them by having them pulped. Unfortunately, as CB's Mathijs Suidman notes, since its inception, this system has been complicated to implement and has proven to be less desirable than originally expected, particularly for publishers. The reason? Publishers struggle to determine whether booksellers will, in fact, get rid of these books in time to make space for new stock in their store.

As mentioned above, "right to return" is the most common type of contract between booksellers and publishers that CB deals with on its platform. When asked what other types of contracts exist that allow for returns, the answer is many. Naturally, the

size and turnover of a retailer can determine more favourable (or more restrictive) return conditions. In any case, all agreements are drawn up by contracts that cannot be broken.

October and November, the months leading up to Sinterklaas and Christmas, are the busiest periods for book releases in the Netherlands. However, this hardly affects the return process, as CB encourages and accepts book returns at any given point of the year. The only requirement, as mentioned above, is for them to be delivered within 2 weeks. As for how long a bookseller can take to return the book to the publisher, there is no real standard; it is dependent on each contract between the publisher and booksellers and is not up to CB. The publisher can view via the CB portal when the book was purchased and, according to the contract, when the return period is due.

When discussing Print on Demand (POD), Suidman mentions that CB has a successful model in place since before his arrival in 2011. Currently, 2 million books of the total 50-60 million books distributed by CB are printed on demand by them, while the figure is growing year after year.

Stock management, workload, and costs

Bookshops have different stock management systems, which are in general efficient. However, there has been growing discussion in the sector suggesting that introducing different systems into the market could perhaps improve bookshop's stock management and help alleviate other issues such as overproduction.

As for the costs of receiving and returning books, the retailer bears the costs of the books upon purchase. Then, the returned books are credited once CB receives them. Nevertheless, publishers bear the costs for pulping and re-stocking via CB.

Sustainability

The Dutch book returns system is quick and efficient, given how centralised it is. However, despite the efficiency and speed of the process, there is still an overproduction of books, which results in waste. The figures show this: out of 3 million books being returned to CB in a given year, such as 2021, only 1 million were redistributed to retailers for resales, meaning almost 2 million books are thrown away or pulped each year.





New Zealand

 **importing and exporting 90% of their books**



5.1M

POPULATION



3000

**TITLES PUBLISHED
EVERY YEAR**



400

BOOKSHOPS



5

DISTRIBUTORS



25

**PUBLISHING
HOUSES**



7-14%

**AVERAGE
RETURN RATE**



Market overview

We move down under to New Zealand, a fairly small book market, with approximately 2000-3000 books published nationally, thus relying primarily on importing its books from Australia and exporting or returning those which haven't been sold back to Australia.

For some context, there are approximately 400 bookshops across the two islands, with over 280 of those being members of the New Zealand Booksellers Association (Booksellers Aotearoa). Working with the bookshops are 5 major foreign publishing houses (including Penguin Random House, Hachette and HarperCollins) as well as 15 to 20 smaller local ones, along with 5 main distributors.

Speaking to Dan Slevin, Chief Executive of Booksellers Aotearoa, and bookshop owner Greg Hampton from Thames (New Zealand) we learn that, as with many other countries, there are two main types of agreements between publishers and booksellers when purchasing books: firm sale and sale and right to return. Pre-COVID times, the industry relied on cheap air freight and right to contracts to keep business going. However, now both are being challenged.

As introduced above, the return process is heavily influenced by New Zealand's geography. Most of the largest publishing houses that booksellers work with are based in Australia, meaning books must be imported into New Zealand by freight or ship. It also means that books are shipped back to Australia if they are not sold in bookshops within a certain time frame. What is the process for this?

In theory, it should take 7-10 days for a book to arrive at the bookstore once ordered. Or at least this was the expectation pre-COVID times. However, now it can take from 4 to 5 weeks according to bookseller Greg Hampton. The books are then invoiced to booksellers once the order has been dispatched, although as a general rule, invoices only tend to get paid after the books have arrived to the bookshop.

Booksellers have 12 months' time to return a book back to the publisher if it hasn't sold. However, due to delays in transport and shipping, booksellers estimate that they should already start the returns process on the 10th month, giving them less time to decide on a book's future. As for the earliest a booksellers would send a book back, for some booksellers, if a book hasn't sold within the first 4 months, they already send it back. In any case, due to

the delays in shipping, it still takes a long time for booksellers to be reimbursed by the publisher.

When it comes to the average of books returned in New Zealand in a given year, estimations differ and are often dependent on the bookshop. Estimations range between a higher 10–14 %, and a more optimistic 7–10% of books being shipped back to Australia. And what happens to them once they're sent back? Once received, they get pulped by the publishing houses.

Although there are no exact figures, most if not all books that get shipped back to Australia end up being pulped by the large publishing houses. While this is also common practice in other countries, as explained, in some cases books are also reintroduced into the market to be resold, for instance in the Netherlands. However, this is not the case in New Zealand, which is something the New Zealand Booksellers Association regrets and calls on the publishing sector to improve and take action.

As for print on demand (POD) options in New Zealand, these services are not currently used in the country.

Stock management, workload, and costs

Do the stock management systems in place help booksellers in New Zealand handle their returns more efficiently? In short, the ones in use are effective, but they could be better. For instance, the current products are very efficient at inventory control, though they fall short in some other areas. Local developed software systems in New Zealand hold approximately 60 to 70% of the market, which leads to the question of whether opening the market to new players could be beneficial in this area.

As for the workload, there is a consensus: dealing with returns is extremely time-consuming and often inefficient. There is often a full-time staff member at a bookshop solely working on returns. Booksellers are expected to cover the costs for shipping books back to publishers.

Regarding the costs for book purchasing and returning, as introduced above, booksellers are

invoiced as soon as the books are dispatched by publishers and payment is expected as soon as books arrive. The delays and disruption with overseas transport and distribution primarily during COVID-19 created some serious problems for booksellers and their credit, as payment was often already due while books had not yet arrived to their shops. This resulted in booksellers being unable (and unwilling) to pay bills for delayed books and publishers and distributors often being unforgiving. While this problem persisted for many months, publishers and distributors are increasingly more understanding and flexible with this matter. As to who bears the costs for returns, booksellers are also expected to cover the costs for shipping books back to publishers .

Sustainability

As mentioned previously, returned books are mostly shipped back to Australia and end up getting pulped. Pre-COVID times, these were sent by air freight. However, since then, this mode of transport has been replaced by regular cargo shipping, which has delayed the entire process of importing and returning books. Given that books are returned overseas and not within the country, the overall process is, unfortunately, not the most sustainable. The industry is aware of this, but not enough action is being taken to mitigate the environmental impact.

Overall, there are several issues with the returns process in New Zealand. The main problem is the country's geographical location and distance from other countries and its reliance on freight and shipping to import and return books. This naturally affects delivery and return times and leaves an undesired impact on the environment. Another issue is that most of the returned books are pulped, with very little done to try and reintroduce unsold books into the market. A final issue identified by our interviewees is the fact that the returns process is extremely time consuming and inefficient, especially for smaller bookshops with fewer resources.

As for possible solutions, such as trusted returns and more stock curation, these will be presented and discussed further below, along with similar suggestions presented by other interviewed countries.



Slovakia



Book business on consignment and import from the Czech Republic



5.5M

POPULATION



8,000

TITLES PUBLISHED EVERY YEAR



215

BOOKSHOPS



3

DISTRIBUTORS



<200

PUBLISHING HOUSES



UNKNOWN PRESUMED LOW

AVERAGE RETURN RATE

Market overview

With about 8,000 titles published each year and a yearly turnover of around 100 to 120 million euro, the Slovak book market is in comparison one of the smaller markets in Europe. In short, for the fifth country of this study, we are venturing into a nation with around 5.5 million inhabitants, no fixed book price, and a returns system based on the consignment model.

A distinctive trait that vastly impacts the Slovak market is that, due to the linguistic and geographic proximity, as well as the shared history, between Slovakia and the Czech Republic, Slovaks read Czech and many books are imported from the Czech Republic. Despite the two languages being mutually intelligible, the demand for Slovak books is not reciprocated in the Czech Republic. It is not the purpose of this report to examine the reasons behind this structure, which are likely many and multi-faceted, however, it is safe to say that the Czech Republic, with approximately twice the population of Slovakia, offers a much larger

market in terms of published titles. Moreover, we shall see further down that this phenomenon has a real impact on the returns process of books in Slovakia

Currently, three main distributors deliver books to the country's roughly 215 bookshops which consists of three major chains and approximately 120 independents. Two of these distributors are publishers and distributors combined while the third specialises in Czech books and works as a contact point for Czech publishers with the Slovak market. While there are over 1300 publishing entities / publishers in the country, the more than 80 publishers-members of the Slovak Publishers Association control the majority of the market. Amazon has not yet established itself on the market, but the country has its own domestic online retailer which dominates online sales. In addition to these outlets, books are also generally sold in supermarkets.

There is currently no data on the exact percentage of returns in Slovakia, though it is presumed to be very low. According to Juraj

Heger, President of the Slovak Publisher and Booksellers Association, this is largely due to the size of the market and the consignment model. In this system, he elaborates, firstly, booksellers have no economic incentive to return books since they do not pay the publisher for them until they are sold and thus don't get credit for them if they return them. Secondly, publishers seem to be happy keeping their titles as stock in the bookshops. Thus, returns are usually requested by publishers or booksellers for a limited number of reasons, for instance to make space for new books in the shop or redistribute a certain title from a bookshop with many copies in stock to one which has run out of that title.

Since the return rate is so low, returned books are very rarely pulped. Publishers often stock returned books for future orders and try to put them back on the market. In the case where a book cannot be sold, publishers may try to donate them to second hand bookshops, schools, and libraries. Only if neither of these accept the donation, are the books pulped.

Specificities in the Slovak consignment model

The bookselling business in Slovakia works almost exclusively on consignment, but there are a few exceptions:

1. Firstly, some bookshops wish not to commit to the affiliated reporting system, i.e. the rigorous reporting which is done on a regular basis and states what the bookseller is obliged to pay the publisher for the books that have been sold. Instead, they prefer to buy their stock directly on firm sale, and later offer any unsold books at a discount or buy smaller quantities from the start to avoid the risk of having to return completely.
2. Secondly, following the reporting period, should a bookshop consistently fail to make their payments on time, suppliers might cease to offer orders on consignment.
3. Thirdly, consignment is generally offered to bookshops after a few years in business, and once trust has been established between publisher/wholesaler and bookseller. Therefore, new bookshops are often met with financial hurdles as they are forced to buy their stock on firm sale and pay upon delivery, following a previously agreed invoicing period.

4. Finally, books purchased from the Czech Republic are typically not sold on consignment and often on contracts with no right to return.

As previously mentioned, there is a demand for Czech books in Slovakia. However, as you can imagine, ordering books across national borders affects the returns process, especially since these books cannot be bought on consignment. Books bought from Czechia are often on firm sale, i.e., with no possibility to return, and invoiced on delivery. If these books don't sell, booksellers may try to negotiate a discount on the overall price with the publisher and offer the book at a reduced price. Should the books still not sell, they may be donated. However, there are a few Czech publishing houses that, through the specialised distributor mentioned above, distribute books to Slovakia. These books are offered on consignment and include the right to return.

Stock management, workload, and costs

A common trend among Slovakia's bigger chains is that they have their own IT stock management systems which are highly advanced and provide in-depth data and statistics on the bookshops' stocks and sales on a running basis. Meanwhile, the smaller, independent bookshops often use less high-performing systems that are not always up to date. When the software system is not strong enough, most of the work is done by the booksellers themselves, rendering the processing of returns time-consuming and laborious. Veronika Michalova, Bookshop Manager at Artforum, the biggest independent bookshop and publisher in Slovakia, explains that it often takes a minimum of two to three days to complete. In the end, however, since there is no economic incentive to return within the consignment model, a cutting-edge stock management system may be desirable, but perhaps not indispensable.

Though the curation of stock is a competence that entirely befalls the bookseller, Juraj Heger explains that Slovak publishers experience that, because booksellers do not need to pay the publisher until after the books have been sold, it is easier for the publisher to convince booksellers to stock a particular title. Moreover, the larger chains often willingly share data on stock and sales statistics with publishers, especially those that act as both bookshops and publishers combined. Therefore, those

publishers may use this data to manage the stock in conversation with the bookseller, e.g., through solicited returns, which, as mentioned above, means that the publisher requests the bookshop to return certain titles, often to redistribute them to other outlets that might be running low on that title.

When it comes to logistics and transportation, it is typically, the publisher who pays for both delivery to the bookshop, as well as the transportation of solicited returns, i.e., returns demanded by the publisher. It is only the transport of unsolicited returns, i.e., returns requested by the bookshop, that are paid for by the bookshop. Should the publisher wish to request a solicited return, they must do so within 90 days from delivery. It is only after this 90-day window that the bookshop may ask to return books. While the system is generally financially beneficial to bookshops, this aspect presents restrictions on the booksellers' possibility to manage his or her stock and does not allow for flexibility when, for instance, a bookshop may have ordered the wrong number of books and wish to return sooner than in 90 days.

Sustainability

Though it is common practice within the Slovak book trade to reuse cartons and packaging, it is done with the objective of frugality rather than sustainability. Other parts of the trade, like printing, are also inadvertently eco-friendly due to a long-established practice of printing locally, rather than a conscious decision to move towards greener practices. The industry is, however, taking its initial steps towards a more environmentally friendly approach, for instance by sourcing FSC-certified paper and substituting plastic for paper, but these developments are still new and not widely established.





Spain



excess of new releases and 'unlimited' free returns



47.5M

POPULATION



80,000

TITLES PUBLISHED EVERY YEAR



1,500

BOOKSHOPS



50

DISTRIBUTORS



9,000

PUBLISHING HOUSES



30-35%

AVERAGE RETURN RATE



Market overview

Heading down to southern Europe, we find Spain. With over 47 million inhabitants, it is one of the most populated countries in Europe. Perhaps not coincidentally, it is also one of Europe's largest book markets. According to a study from the Spanish Publishers Association on the 2021 Spanish book trade, almost 80,000 new titles were published in the country, of which 68% were printed and 30% were published digitally.

It is a country with a fixed book price and a rather complex and diverse book chain, given its size and regional governance on many competences. To be more precise, there are an estimated 1,500 brick-and-mortar bookshops in the entire Spanish territory, of which approximately 1,000 are in membership of the Spanish Booksellers Association (Confederación Española de Gremios y Asociaciones de Librerías Españolas – or simply CEGAL). In addition to bookshops, there are over 9,000 publishing houses of all shapes and sizes, along with 50 large distributors, as well as other smaller ones, making it a rich and diverse book ecosystem.

To learn more about the Spanish returns system, we sat down with Sara Sánchez, Director of CEGAL, Federico Lang, CEGAL Spokesperson and bookseller at Librería Luces in Málaga and Álvaro Muñoz, bookseller at Librería La

Puerta de Tannhäuser in Plasencia. The first and most important point they highlighted is that, when it comes to the returns system in Spain, booksellers always have the right to return, meaning that all purchased books, whether newly purchased or on the backlist, are allowed to be returned regardless of the agreement between publishers and booksellers (excluding schoolbooks, which follow a different set of rules). Spain is probably the only EU country with 100% guaranteed possibility to return, which is a factor that arguably influences the entire returns process. There are, of course, advantages and disadvantages to this. On the one hand, it allows for more diversity of titles, giving smaller publishers a chance to enter the market and thrive; on the other hand, it also creates a problem, one which has grown to be the biggest headache for the Spanish book industry: an overproduction and massive surplus of new titles . More on this below.

For some context, there are two main types of sales agreements in Spain between booksellers and publishers or wholesalers: 'en firme', which, despite its name, consists of the same process as the "right to return" model available in most other countries, and 'en depósito', which is the consignment model explained further above. Returns are possible for both types of agreements, which is a rather unique case for Spain. As for which agreement is more common,



it is difficult to estimate, both are very common, but perhaps the consignment is more used, as it gives booksellers more flexibility and room for manoeuvre.

Spanish booksellers have one year to return a newly purchased book back to the publishing houses. However, they are allowed to send books back at any given point within that year. In practice, Spanish booksellers tell us that, on average, after a book has been in the bookshop for 90 days, they must assess whether the book has sold, whether it will go on the backlist or whether it will be returned. In many cases, books are returned after this 3-month period, and for the most part, if it is not sold within 6 months, the book gets sent back to the publisher. Therefore, ultimately, new releases (up to 3 months) represent a higher share of the total returned books compared to backlist items.

Three months is a relatively short time to start thinking about whether a book should be returned. Why must booksellers make a decision so soon? In short: the number of new books coming into the bookshop is too high and they must, somehow, make space for them in the store.

The excess of new releases is a problem that has been highlighted for years by the industry, although little has been done to change this. This fact, along with the possibility of unlimited free returns within the year, makes for a very quick (and high) return turnover. This overproduction of new releases also means that 60% of new books published in Spain hardly ever sell, because they do not spend sufficient time in the store to reach readers

The excess of new releases is a problem that has been highlighted for years by the industry, although little has been done to change this. This fact, along with the possibility of unlimited free returns within the year, makes for a very quick return turnover. This overproduction of new releases also means that 60% of new books published in Spain hardly sell any copies, meaning they don't reach sufficient readers.¹

Knowing this, it is no surprise that the average return rate in Spain remains one of the highest in Europe at 30-35%, with some individual rates reaching 40% and likely even higher. This rate has been increasing little by little for over two² if not three³ decades.

¹ Menendez, M. "El exceso de novedades lleva al 60% de los libros que se editan en España a la guillotina," September 16, 2022. <https://www.elindependiente.com/tendencias/cultura/2022/07/16/el-exceso-de-novedades-lleva-al-60-de-los-libros-que-se-editan-en-espana-a-la-guillotina>

² "40% de devoluciones de libros: Qué puede hacer el editor," midac, accessed March 29, 2023. <https://midac.es/40-de-devoluciones-de-libros-que-puede-hacer-el-editor>

³ Altares, G. "Editores, librerías y distribuidores intentan frenar la masiva devolución de libros," June 21, 1993. https://elpais.com/diario/1993/06/21/cultura/740613618_850215.html

Stock management, workload, and costs

All interviewees agree that the returns process is hugely time-consuming, especially the more providers a bookshop works with. For context, a small-medium sized bookshop in Spain works with at least 15 to 20 providers, be it publishers or distributors. This is essential to offer sufficient choice to consumers and keep up with the demand. However, it also adds an additional layer of work and complexity to an already tedious task.

As for the costs to ship books upon purchase and return them to publishers, booksellers in general do not pay for the shipping of books to their store. When sending them back, publishers

and distributors bear approximately 60% of the costs for the returns, with booksellers paying for the remaining 40%. However, ultimately this will depend on the agreement each party has.

Regarding stock management, the respondents state that there are many good software options available, which are all very advanced and highly digitalised. The CEGAL-owned Libried software is spotlighted as a good functioning model, as well as SINLI, an online tool easily accessible by all actors in the book chain (publishers, distributors and bookshops), which, together with its dedicated software (SINLIB), facilitates the management of orders for all sides. A possible issue pointed out is that not all booksellers might be aware or familiarised with this system.

Sustainability

The Spanish bookselling sector agrees that the current model of returns is not sustainable in the long term. There is an overproduction of new books, which affects not only the quality of publishing but also has a negative impact on the environment. This conversation was held at the recent Congress of Booksellers in June 2022, with a specific panel on returns and inefficiencies of the sector.⁴

When asked what happens to the books once they're returned, i.e., whether they are stored, pulped or somehow redistributed back into the market, the understanding is that, despite the limited transparency or figures on this topic, many titles are kept in storage by publishers and wholesalers, who over the years have paid very high fees for storage facilities. Although exact figures are unknown in the sector, not many books in Spain end up getting pulped.

This leads us to the big question: are there any alternatives to the current system? One option suggested by some in the sector is prioritising print on demand (POD). This service is available in Spain, albeit not that common. While it may be more environmentally friendly and targeted as a service, returns are not possible through POD, which is a risk that bookshops are not ready to take if they are to remain in business.

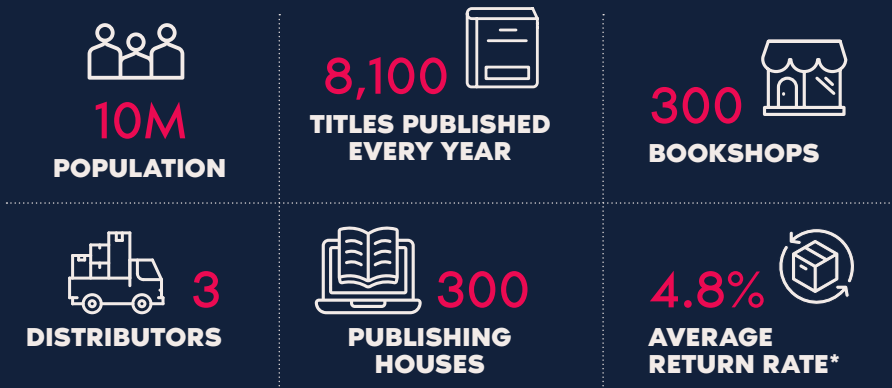
So overall, what needs to change? Booksellers agree that more could be done from their part, for instance, by being more efficient and spending more time in curating new publications for their bookshop. However, it is also important that publishers as well as wholesalers and distributors make an effort in not overburdening booksellers with new titles. In sum, the changes needed to improve the returns process will need to be carried out by the book industry as a whole, not by an individual actor.

⁴ "Los ineficiencias del sector. Una propuesta de mejora," Miguel Salvador. J, accessed 29 March, 2023. <https://congresolibrerias.es/wp-content/uploads/2022/06/Las-ineficiencias-del-sector.-Juanmi-librer%C3%ADa-di%C3%B3genes.pdf>



Sweden

 a significant drop in returns over the last decade



Market overview

Moving to Northern Europe, this study will touch down in the largest of the Nordic countries, namely Sweden. Through roughly 300 bookshops, three distributors, and between 250 and 300 publishers, the ten million Swedish inhabitants are offered around 8,100 titles at an unfixed price every year.

Out of the 300 bookshops in Sweden, roughly 100 belong to the largest chain in the country, Akademibokhandeln, which together with the online bookshop Bokus and streaming service Bokus Play, make up Bokusgruppen. What is special about Akademibokhandeln is that it is a franchise business, ergo some of the shops are owned privately but make use of the trademark and favourable delivery and return agreements the chain has struck with publishers. Moreover, the bookseller must subscribe to certain prerequisites, like the centralised stocking system, which is explained in detail further below. Anna Austin, Head of

Assortment at Bokusgruppen was interviewed for this study and the following information on Akademibokhandeln is based on her answers.

What is noteworthy about Sweden is that, over the last decade, the country's book business has seen a significant drop in the number of returned books. Göran Wiberg, Director of sales at Sweden's largest publishing house, Bonnierförlagen, attributes this drop to good stock management in bookshops, new, automated stock management systems, and a shift in sales channels from physical shops to online retailers – who often do not keep their own stocks, but have integrated their ordering process with the larger wholesalers/distributors and do not have the same right to return as brick-and-mortar shops do.¹

According to one of the country's largest distributors, Förlagssystem, the average return rate from brick-and-mortar bookshops as of October 2022 was 4,8%. Even though publishers often try to resell the returned books, during sales periods for instance, almost all

¹ Lönnér, K. "Ohotad rätt till retur," June 17, 2021. <https://www.svb.se/nyheter/ohotad-ratt-till-returer>

the returned books are pulped, resulting in approximately 4% of the books distributed by Förlagssystem being pulped each year.

Most books in Sweden are sold with the right to return. The bigger chains usually have a period of 12 to 24 months to return their books. Should a bookseller struggle to sell a certain title, but still wish to avoid returning them, he or she may negotiate a new, discounted overall price with the publisher and offer the books at a reduced price. The bookseller then receives a credit with the publisher for the difference in price and will have saved the paying the transportation costs for the books.

On a final note, Anna Austin, Head of Assortment at Bokusgruppen, emphasised during the interview that publishers can play an active role in influencing bookshops' return rates by postponing the release of the paperback version of their books. This is because, in general, once the paperback version is out, bookshops struggle to sell any remaining hardback copies since these are usually more expensive than the paperback. Thus, by giving the bookseller more time to sell the hardback format, publishers could prolong the shelf life of their books and bring down the return rates of the hardbacks.

Stock management, workload, and costs

In addition to the automated stock management systems readily available on the Swedish book market, all actors in the book chain have access to Bokinfo, which is an online information tool that provides generic data on nationwide and local sales statistics. However, as with any retail, the access to good stock management systems depends on the financial means and capacity of the individual bookshop. For instance, on the one hand, the larger chain, Akademibokhandeln, has procured its own system which has been streamlined with the distributor's system so that the returns are processed digitally from the bookshop and received at the distributor's warehouse. The system also provides advanced sales data and generates suggestions on titles that need restocking based on an algorithm that has been carefully developed over years. This algorithm can accommodate several sophisticated factors such as demand, current trends, seasonality, and place of exposure in the shop. On the other hand, independent bookshops' returns requests often have to be processed and inserted manually in both the bookshop's system as well as the distributor's.

To counter this inequality, Förlagssystem is currently looking into ways to streamline all three distributors' systems, as well as exploring possibilities together with Bokinfo, the online statistics data base, to provide digital solutions

that allow automated returns also for smaller, independent bookshops, to simplify the process on both ends. This will be discussed further in the analysis.

Roughly a decade ago, Akademibokhandeln merged with the second biggest chain in the country and the corporation underwent several structural changes, including the introduction of a new centralised stocking and curating IT system. This new structure was designed to, among other things, bring down the return rates which at the time was at a soaring 20%. The centralisation did succeed in bringing down the return rates to a minimum, though, as collateral, it also decreased the individual bookseller's mandate to curate the bookshop's stocked titles.

In the end, though digitalisation greatly improved the returns process, booksellers still have to physically collect and pack the books that are to be returned and thus the process remains cumbersome and labour-intensive. Yet, the chain concludes, a certain degree of returns seems to be a necessary evil if you wish to maintain a diverse and pertinent offer.

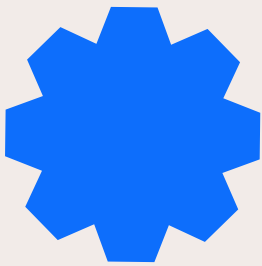
Finally, as a rule, transportation to and from the bookshops is covered by the bookshops. However, the Swedish Booksellers Association (Svenska Bokhandlareföreningen) has negotiated an advantageous agreement for transportation with couriers, which is offered to all its members. In this agreement, price, low carbon emissions, and sustainability are key factors.

Sustainability

Swedish consumers' concern about climate change is often reflected in the way Swedish businesses operate and the book trade is no exception. As an example, we find the recently published report *The Climate Initiative*, assessing the carbon footprint of the entire Swedish book trade, which was commissioned by the Swedish Publishers Association, in collaboration with the Booksellers Association as well as streaming services and online shops.² The report shows that in 2021, the entire book trade combined emitted 39 254 tonnes of CO₂ equivalents, which is less than 0,1% of the entire country's emissions. In addition, the report concludes that after book production, transport accounts for the second largest part of the sector's CO₂ emissions.

Furthermore, the larger players, such as Akademibokhandeln, who have the means and manpower, often develop their own sustainability strategy and publish annual sustainability reports.³ To reduce transport emissions, Akademibokhandeln introduced fixed order and delivery days in their shops, and direct deliveries from the distributor to the store their couriers are converting their vehicles to low-emission alternatives.

Last but not least, we come to packaging. Förlagssystem, as one of the three big distributors, play an important role in the green transition of the Swedish book sector. Wherever it's possible, they are shifting to recycled carton and plastic. They also have a well-integrated recycling system which ensures that everything that can be recycled will be.



² Bokbranschens klimatpåverkan 2021," Bokbranschens klimatinitiativ, accessed 29 March, 2023. <https://www.bbki.se>

³ Sustainability," Bokusgruppen AB, accessed 29 March, 2023. <https://www.bokusgruppen.com/en/sustainability>

Analysis: identifying challenges, best practices, and ways forward

The interviews carried out in the scope of this paper have proven that returns, though a burdensome and time-consuming part of the bookselling profession, are a key part of how bookshops can maintain an offer that is diverse and up to date with consumer demand. Throughout this study, we have been presented with various solutions to counter the challenges that exist, minimise the costs and labour, streamline the process, and reduce the climate impact of returns. In this section we will take a closer look at these challenges, their accompanying solutions, and explore best practices and ways forward.

Identified challenges

Stock management systems and software programmes: unequal access based on size and means

When it comes to stock management systems and software programmes that facilitate the returns process, most markets seem to have sufficient solutions available. The cases of Sweden and Slovakia show that there does, however, seem to be an unequal access to economically viable, developed systems depending on the size and means of the bookshop. In short, big chains have the means to purchase and develop highly intelligent software systems in cooperation with their chosen provider which can then be used in all their shops since they often operate on a

centralised business model. This allows them to fine-tune the systems to the bookshops' needs, for instance, by providing live sales data, automatic alerts when to restock a particular title, and streamline the returns process with the distributor. Usually, independent bookshops all work in different ways and cannot afford this type of advanced service, leaving them at a disadvantage, which forces them to spend more time and workforce managing returns through less developed systems or even manually.

Too many new releases?

Interviewees in the Netherlands and Spain identified the overproduction of books as a problem which has a direct impact on the returns process in their country. For the former, the release of too many books resulted in the destruction of 2 million books in 2021, out of 3 million books that were returned the same year.

For the latter, the constant release of new titles results in a fast and extremely high return rate, as well as over 60% of new books published in Spain hardly selling any copies and not reaching readers.

The consignment model: finding the right balance

Through Latvia and Slovakia, we have seen that low return rates can sometimes be attributed to the efficiency of the consignment model. At the same time, Spain shows us that consignment, combined with an excess of new releases and the possibility of unlimited free returns within the year, can create average return rates sometimes as high as 40%.

One positive aspect of the consignment model is that it can provide booksellers with a sense of security, because they can procure a diverse offer for their shop while knowing that they only need to pay for the books that sell. From a publisher's perspective, however, the consignment model can, on the one hand, be a disadvantage since, as is mentioned above, they do not receive any payments for their books until the moment that they are sold. On the other hand, the advantage of the consignment model from the publisher's perspective is that it can be easier to convince bookshops to stock certain titles. Inevitably, for better or for worse, the consignment model creates closer relationships between booksellers and publishers.

When geography comes into play

In general, the booksellers interviewed for this study confirmed that the location of a bookshop on the mainland bears little or no consequence on the returns process of books published nationally. However, geography seems to become increasingly more relevant when discussing book markets that have little to no domestic production and therefore rely heavily on import and, subsequently, export.

As we learned above, New Zealand relies almost entirely on imported books, which in turn reduces the bookseller's time to sell the books and creates an unsustainable system of shipping books long distances by air or sea

before they are pulped. Recently, the cheap freight and shipping, which the industry has relied on up until now, has been put under the spotlight and become increasingly challenged from an environmental perspective, making it clear that new ways to deal with returns are desperately needed.

Little effort to reintroduce returned books into the market

Another issue identified by some countries is that many of the returned books are pulped, with very little done to try and reintroduce unsold books into the market. Additionally, there is little transparency regarding numbers and figures of books pulped per year, rendering scrutiny at best difficult and at worst, impossible.

The economical viability of print on demand

In theory, print on demand (POD) services should offer a more sustainable way to produce and sell books. It should eliminate the need for returns since books would only be produced in the quantities that the bookshop needs or at the request of their customers. However, at this stage, bar some exceptions such as the Netherlands, it is hardly possible to call POD a viable solution for most countries. This is mainly attributed to the fact that it is an expensive service which is currently at a limited capacity. Furthermore, for the most part, it does not seem to be desired neither by booksellers nor publishers. For instance, once a POD order has been placed, it may take days or weeks before it is delivered to the bookshop, which is not an ideal time frame for booksellers, as their customer might seek to find their desired book in other outlets in that period.

Moreover, POD books are most often only offered on firm sale, which can be deterring for many booksellers since the possibility to return books is essential to the current business model of most bookshops. As we see in the case of Latvia, Luxembourg, and Sweden, it is, therefore, mainly self-published books that are printed at the request of the author, and bookshops only offer POD on specific customer requests.

Best practices and ways forward

Cooperation between all actors is key

Multiple factors in all case studies indicate that the returns process could be improved through increased cooperation between the different actors in the book value chain, to the benefit of all.

A successful example behind this statement is the previously mentioned Swedish distributor Förlagssystem, who is currently exploring possibilities together with Bokinfo, the Swedish online statistics data base, to streamline the digital aspect of returns from bookshop to distributor, as is elaborated above. Thus, they would offer the same service to smaller, independent bookshops, as they already offer through the more advanced system that the big domestic chain uses.

Moreover, Förlagssystem is also looking into ways to streamline all distributors software systems when it comes to returns. Primarily this is done to simplify the process for Förlagssystem, but naturally it will alleviate some of the burden the management of returns imposes on independent booksellers.

Finally, one could also ask whether it could be largely beneficial for all actors if new players, such as software providers, entered the market in this area. A more diverse ecosystem might incentivise innovation and make the returns process easier and less time consuming for independents.


Fostering dialogue between big and small bookshops

Collaboration among booksellers themselves also play an important part in improving the returns process. Throughout the study we have observed that the sheer size and market share of bigger chains give them the power to put pressure on their suppliers, for instance in terms of sustainability, in ways which small bookshops simply cannot. However, it is worth noting that there might be a spillover effect: when couriers and other parts of the supply chain transition to more environmentally friendly practices, it will be easier for them to offer the same standards to smaller bookshops. Moreover, when booksellers come together in Booksellers Associations, no matter their means and sizes, they have more leverage to negotiate favourable contracts and put pressure on suppliers.

Thoughtful curation and dialogue between actors of the book chain

All interviewees agreed on the principle that better curation on the part of both booksellers and publishers, can only be beneficial for the whole sector, including its ecological footprint. This measure can already be implemented today and across all countries. A more selective and attentive curation, both with newly released titles as well as when buying stock, would undoubtedly minimise the amount of time and effort spent on returns for booksellers.

Furthermore, a different approach to publishing and the publishing calendar could have the same positive effect. For instance, as Anna Austin, Head of Assortment at Bokusgruppen, emphasised: publishers can also play an active role in influencing return rates. The example



she shared about postponing the release of paperbacks is compelling and shows that giving a hardback more time ultimately benefits both parties since it would prolong the shelf life of those books and ultimately lead to less returns. Moreover, the case of Slovakia shows us that transparency and dialogue between booksellers and publishers can be key incentives to a better, more holistic, collaborative view on curation and stock management.

Better terms on firm sale: pros and cons

An idea raised by some of our interviewees is the possibility of booksellers striving for better terms on firm sale in order to be less reliant on returns. The downside of this model, however, is that if bookshops did not have the right to return, they would naturally purchase and stock less, which could put the profitability of their business at risk and limit their chances of meeting consumer demand.

Increasing trusted returns and fixed order days

In the countries where most books are imported from abroad, like in Luxembourg and New Zealand, the transport of returns poses a big challenge in regards of costs and CO₂ emissions. In the effort to minimise these implications, both countries have unilaterally incorporated, to varying degrees, a type of trusted return, allowing them to avoid transport altogether and pulp, i.e., pulp, books locally. For this to be viable, there must, of course, be sufficient infrastructure for recycling in place in the concerned countries.

Naturally, as the name suggests, this solution requires a considerable amount of trust between publishers and booksellers. In general, our interviewees consider that publishers seem to be reluctant to transition towards more trusted returns. However, among the many uncomfortable truths we are forced to face in light of climate change, trust and cooperation between all actors of the book trade is crucial if we are to bring down the CO₂ emissions of the trade as a whole. Therefore, a possible tool to increase trust might be found in the mutual access and sharing of data between booksellers and publishers. This technology may help both parties feel more secure as they can trace their goods better.

Finally, a solution that is surely already integrated in many countries but was particularly highlighted in Sweden, is the use of fixed orders and delivery days. Having books delivered twice or three times per week instead of every day would arguably cut the bookshop's costs and transport emissions significantly.

Data sharing as a potential bridge to reduce returns

In an increasingly digitalised world, discussions often turn towards data: who owns it and how can we optimise its potential. Slovakia shows us that when bookshops and publishers share their data, it may help them adopt a more holistic view and curate and manage stocks in conversation, which, in turn, can bring down the return rate. Essentially, if both parties wish to maximise sales and minimise returns, perhaps data can be the bridge between them?

Conclusion

Throughout the interviews conducted for this study, booksellers and trade representatives have shared the specificities of the returns models in their countries, as well as the challenges they bring and the different solutions and best practices in place.

Going forward, it is clear that many of these solutions must come from the trade working closer together in various ways, from publishers postponing the release of paperbacks, to trusting the bookseller to dispose of unsold books, as well as distributors further developing their software systems and all actors working on a more thoughtful curation.

In conclusion, while the return process of books does indeed pose many challenges on the individual bookseller as well as the entire trade, it is also currently an integral part of the book business allowing it to provide a diverse offer and answer to customers' demands. As this paper shows, there are solutions available to reduce the number of returned books, the transport burden, and the time spent on returns, either already in place or under development. With the global threat of climate change, it is now, more than ever, crucial for the trade to work together and exchange solutions, ideas, expertise, and new developments to lower return rates and make the process as efficient and climate friendly as possible.

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