

The State of Independent Bookselling in Canada

2020



**BOOKNET
CANADA**

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Introduction

This is the second edition of BookNet Canada's independent bookselling industry study. (The inaugural study, [*The State of Independent Bookselling in Canada 2018*](#), was published using 2018 data.)

The online survey was emailed directly to more than 245 independent bookstores in Canada, promoted through BookNet's online email and social media communication channels, and shared with organizations and associations. A special thanks to CIBA, Bookmanager, and booksellers for their feedback and guidance in developing survey questions as well as sharing the survey link with their membership and networks.

Results from the survey were aggregated from the responses of 55 brick-and-mortar independent bookstores. This year's respondents represent approximately 20% of English-language stores in Canada.

As we all know, 2020 was not a normal year and the impact of COVID-19 makes it difficult to compare data from 2020 to prior years. However, booksellers will still be able to compare and contrast their store to the baseline of survey respondents. This study should be considered informative and not definitive of all Canadian independent bookstores.

All questions in the survey were optional; some questions have smaller sample sizes based on smaller response counts. Percentages and averages, rounded to the nearest whole number, are calculated based on the number of answers for a given question. Percentages add up to more than 100% for multi-select question types.

We've segmented stores into three equal buckets based on their self-reported 2020 gross revenue, each representing 33% of respondents. To simplify how we refer to these stores within each revenue group, we will use the terms "small," "medium," and "large" throughout the rest of the study:

- Small: \$0 – \$449,999
- Medium: \$450,000 – \$1,049,999
- Large: \$1.05M – \$10M+

About respondent stores

The majority of bookstores surveyed had only one location (93%). Almost three quarters of bookstores surveyed have been in business for 15 years or more (70%), 16% for fewer than 3 years, and 14% between 3 and 14 years.

Those who had opened a new bookstore or location in the last few years commented that they were influenced by a variety of external and internal factors:

- Booksellers were pushed out of their space (because it had been put up for sale, or to expand to a permanent location, etc.).
- Booksellers were pulled to a new space (to move to a specific neighborhood, or to move online, etc.).
- Booksellers were driven to offer a communal hub in a specific area, with a particular market focus or niche.

Respondents were mainly located in Ontario (39%) or British Columbia (29%), and mostly in a large city or urban area (39%) or small city or (sub)urban areas (28%). Of all respondents, 20% of bookstores were located in a small town or rural area and 14% were located in a mid-sized city or urban area.

Most of the respondents had stores that were dedicated bookstores, however, 16% had integrated another business (such as a coffee shop, craft store, etc.) in their physical space.

We asked booksellers to share their store's square footage. The average square footage of bookstores was 2,507 and the median was 1,700. The average square footage was lower for bookstores in both a large city (1,653) and a small town or rural area (1,660); however, it was higher for bookstores in a mid-sized city (2,544) and small city (2,700).

Newer bookstores, those in business for fewer than six years, tended to have a lower average square footage than those in business for seven years or more.

Average square footage of bookstore space by revenue

Revenue	Average square footage
Small: \$0 – \$449,999	1,595
Medium: \$450K – \$1,049,999	1,914
Large: \$1.05M – \$10M+	4,482

n=33

When booksellers were asked about their challenges, a key theme that emerged was about the specific locale of their brick-and-mortar building:

- location (nearby construction)
- shipping
- space (work and books; and renting a larger space/expensive commercial property taxes)
- parking
- security

“Our biggest challenge is that we do not own our own building. As a result, we are unable to continue to expand and remain in the community we have rooted ourselves in. It also means that we could, through no actions of our own, be forced to move.”

In terms of the age range/type of books sold, most booksellers primarily focused on trade books: 63% for all trade, 11% for children/juvenile trade, 11% for specialty trade, and 9% for adult trade books — with one’s market focus on K-12 education.

Almost three quarters of booksellers received new training or education since 2019 (72%).

- 50% learned from Canadian Independent Booksellers Association (CIBA) webinars or other events.
- 44% learned from Bookmanager Academy.
- 19% learned from regional trade shows.
- 15% learned from American Booksellers Association's (ABA) Winter Institute or other events.
- 13% learned from BookNet Canada's Tech Forum or other events.
- 11% learned from Retail Council of Canada's RCC STORE conference or other events.

Of note, 91% of respondents belonged to at least one organization.

- 62% belonged to the Canadian Independent Booksellers Association (CIBA), a new association founded in November 2020.
- 36% were members of the Canadian Federation of Independent Business (CFIB).
- 34% belonged to a local Business Improvement Area or similar organization.
- 25% were members of the Retail Council of Canada (RCC).
- 15% were members of the American Booksellers Association (ABA).

Takeaways

- The majority of bookstores surveyed had only one location (93%).
- Almost three quarters of bookstores surveyed have been in business for 15 or more years (70%).
- Most respondents primarily focused on trade books (63%).
- The majority of respondents employed six or more people (53%), 28% employed 10 or more staff, including 8% who employed 20 or more staff.
- Almost all respondents were running an ecommerce or online store (96%) and 74% had done so since before 2020.
- Only 22% of bookstores set up their online store during the pandemic.
- Shipping costs increased for 83% of respondents between 2019 and 2020.
- The more revenue a bookstore had, the more likely they were to outsource deliveries.
- The majority of booksellers thought their number of returns to suppliers were about right (36%) or somewhat low (34%).
- On average, new books made up the bulk of overall 2020 revenue (78%).
- Between 2019 and 2020, sales for puzzles increased for 80% of bookstores, followed by a growth in sales for new books for 67% of bookstores, and toys and games for 45%.
- In total, 79% of respondents qualified for COVID-19 governmental assistance programs. 88% of respondents applied for COVID-19 governmental assistance, with 55% receiving Canada Emergency Wage Subsidy (CEWS) and 55% using Canada Emergency Business Account (CEBA).
- About seven out of ten booksellers rated their bookstore as extremely or moderately healthy (74%) and about six in ten viewed bookstores in general as extremely or moderately healthy (63%).
- 55% of booksellers rated their own bookstore's health as excellent and 36% of booksellers rated Canadian bookstores' health as excellent.
- Bookstores with revenues of more than \$1.05M in 2020 designated 7% of their operating expenses to advertising and marketing, whereas this category represented 3% of the operating expenses for other bookstores.

Operating expenses and processes

A large part of the health of bookstores is their day-to-day operations and the money it takes to maintain them as well as the efficiency of their processes. We'll take a look at both in this section.

Operating expenses

So what is the biggest expenditure for bookstores?

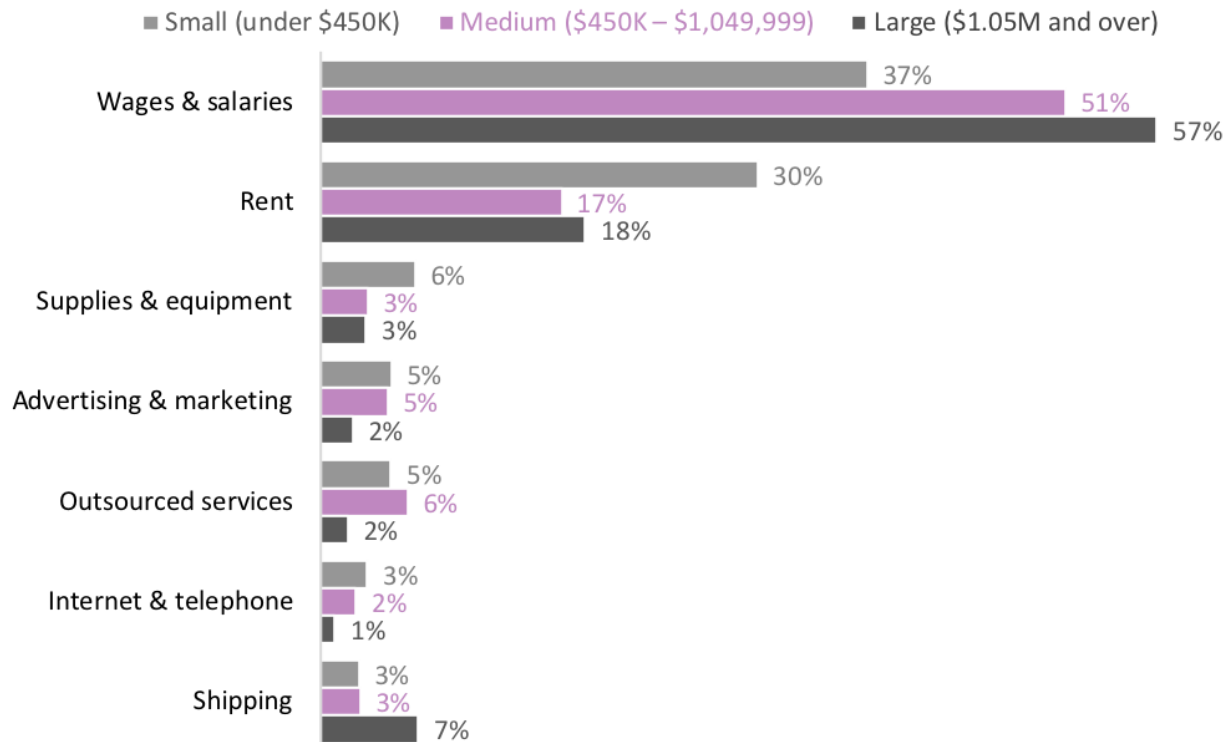
- Wages and salaries (48%)
- Rent (21%)
- Supplies/equipment (4%)
- Outsourced services (subscriptions, software, legal, accounting, etc.) (4%)
- Advertising and marketing (4%)
- Shipping (4%)
- Internet and telephone (2%)
- Hydro/utilities (if not included in rent) (2%)
- Events (on- and off-site) (1%)
- Benefits (1%)

When we segment this by revenue, we found that large bookstores (those with a revenue of more than \$1.05M in 2020) had spent a lower percentage of their operating expenses on advertising and outsourced services than small and medium bookstores. Conversely, they had designated 7% of their operating expenses to shipping, whereas this category represented 3% of the operating expenses each for both small and medium bookstores.

The category where medium and large bookstores (those with a revenue of \$450K or over in 2020) spent more of their operating expenses than small bookstores (revenue under \$450K) was wages and salaries (though it might be difficult to separate wages and salaries from profit for some). Medium and large bookstores spent 51% and 57%, respectively, whereas small bookstores spent 37%. Perhaps this might be the case for small bookstores as owners/operators may have chosen to not take a salary in 2020.

Categories where small bookstores spent a higher percentage of their revenue were rent (30% vs. 17% and 18%) and supplies and equipment (6% vs. 3% each). Rent is likely a higher percentage for smaller bookstores as they are less likely to own their buildings.

Average percentage spent on top seven operating expenses, by size of bookstore

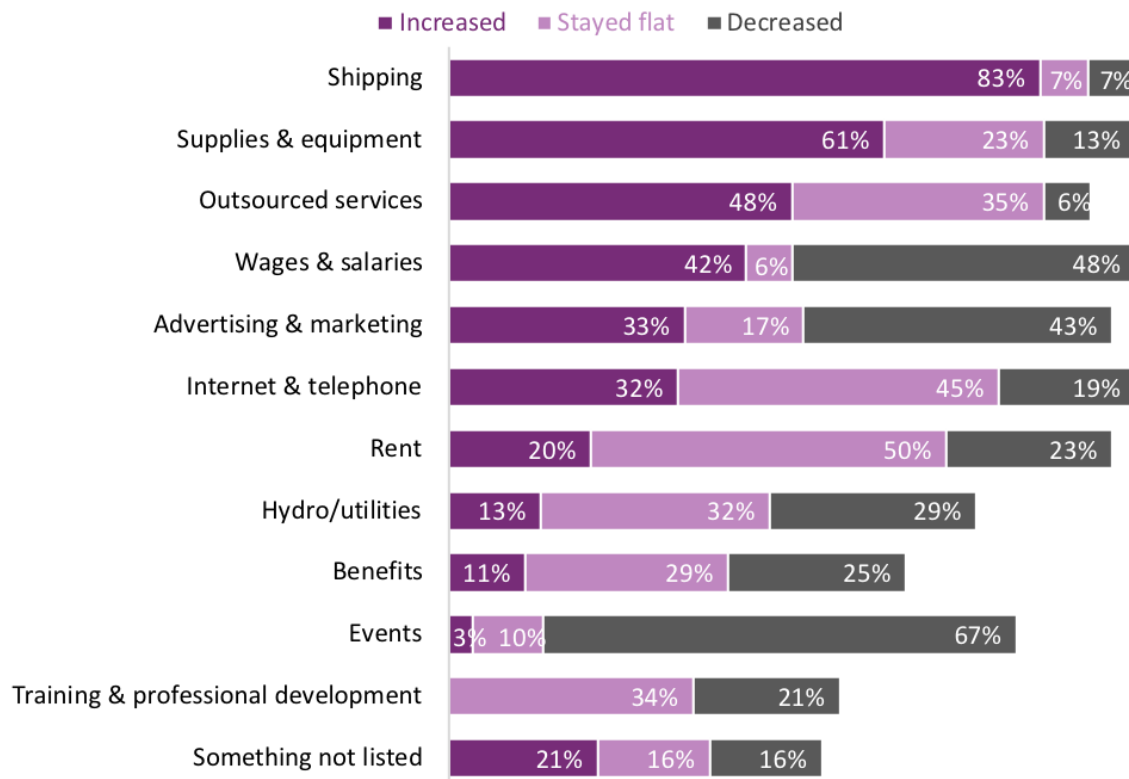


n=24

How have operating expenses changed between 2019 and 2020? Shipping costs increased for 83% of respondents. (Note: The shipping data collected in this question could include both customer order shipping and other business-related shipping.) Supplies and equipment costs increased for 61% of respondents. Rent stayed the same for 50% of respondents and internet and telephone costs stayed the same for 45% of respondents.

The items that decreased for the most respondents were events (for 67% of respondents), wages and salaries (for 48% of respondents), and advertising and marketing (for 43% of respondents).

Change of operating expenses between 2019 and 2020



n=31

Processes and efficiency

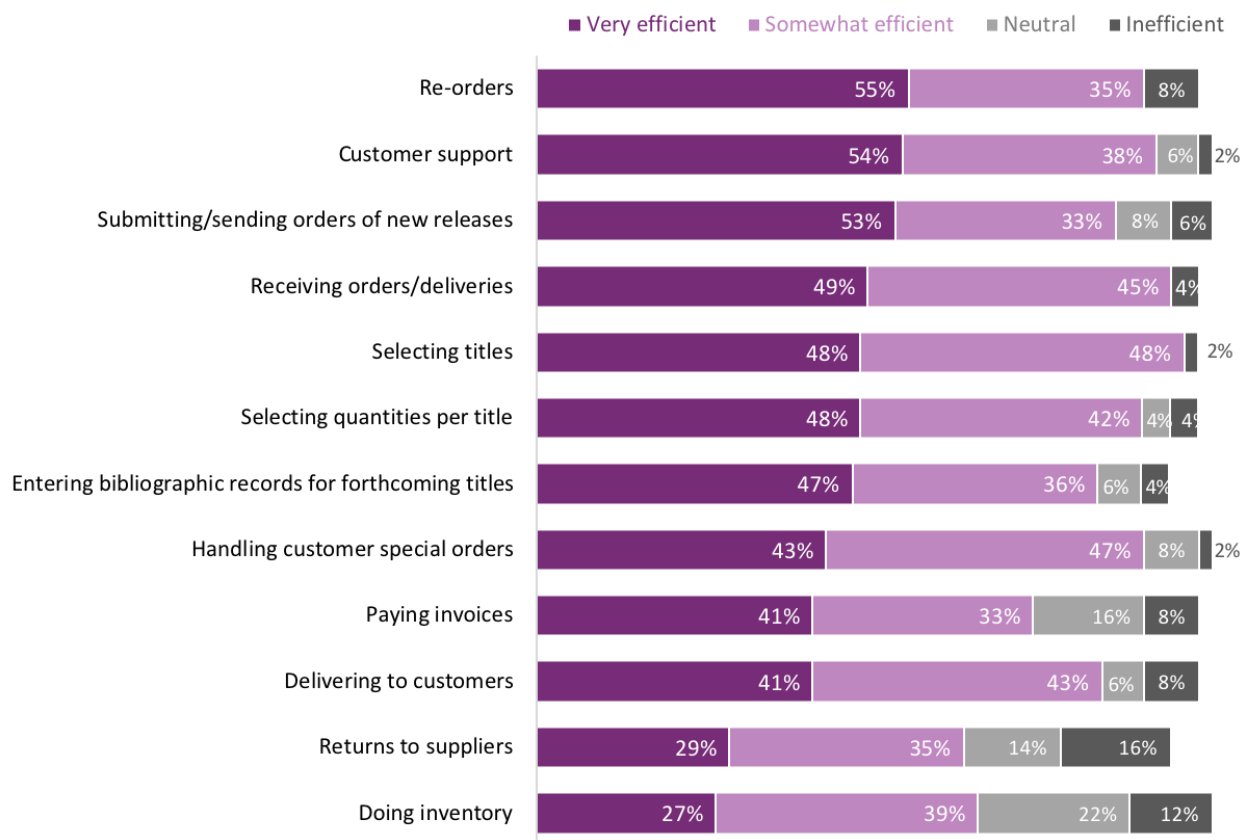
When we asked booksellers to rank a list of processes in terms of efficiency, we found that the top five processes deemed “very efficient” by booksellers were:

1. re-orders (55%)
2. customer support (54%)
3. submitting/sending orders of new releases (53%)
4. receiving orders/deliveries (49%)
5. selecting titles for purchase (48%)

Top five processes deemed inefficient for some booksellers were:

1. returns to suppliers (16%)
2. doing inventory (12%)
3. re-orders (8%)
4. paying invoices (8%)
5. delivering to customers (8%)

Processes' efficiency



n=48

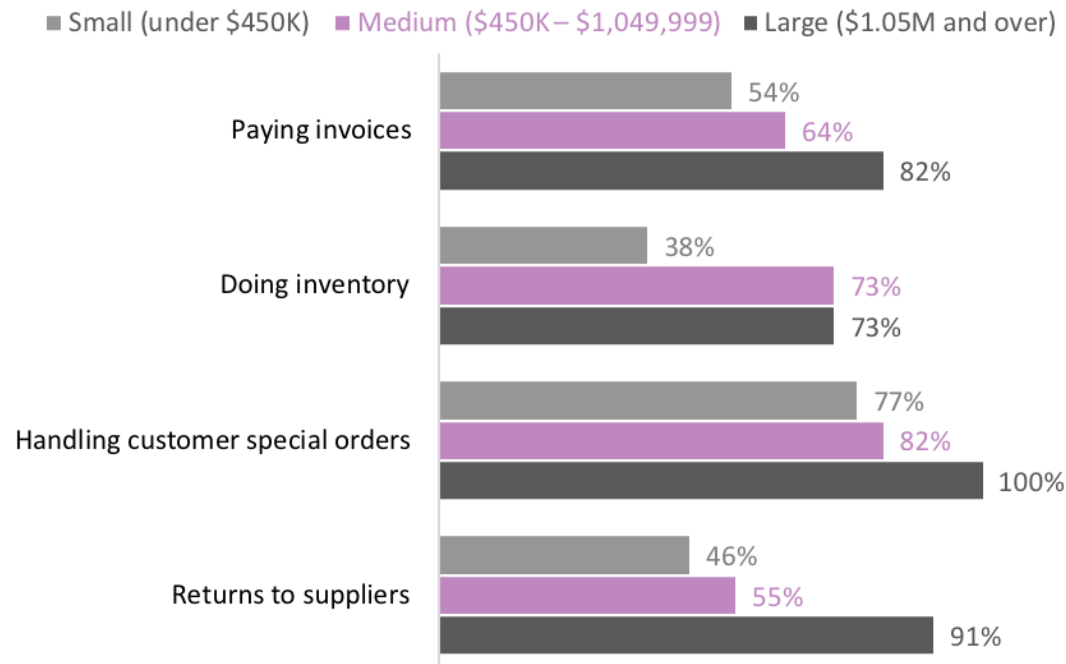
*Note that the N/A column is excluded (the total will not equal 100%).

While we asked different things in our previous survey, [The State of Independent Bookselling in Canada 2018](#), and this edition's survey, we found similar answers from booksellers as to which processes they considered to be very and somewhat

efficient. Of note, respondents increased their efficiency in receiving orders/deliveries to stores, and returns have decreased in their efficiency between 2018 and 2020.

Interestingly, when we segment the processes by bookstore size and combine “very efficient” and “somewhat efficient”, we found that there were only four processes that had clear differentiations: paying invoices, doing inventory, handling customer special orders, and returns to suppliers. For example, all large bookstores considered handling customer special orders to be efficient while on the flipside, a mere 38% of small bookstores found doing inventory efficient.

Processes' efficiency by size of bookstore



n=35

Staff support and hours

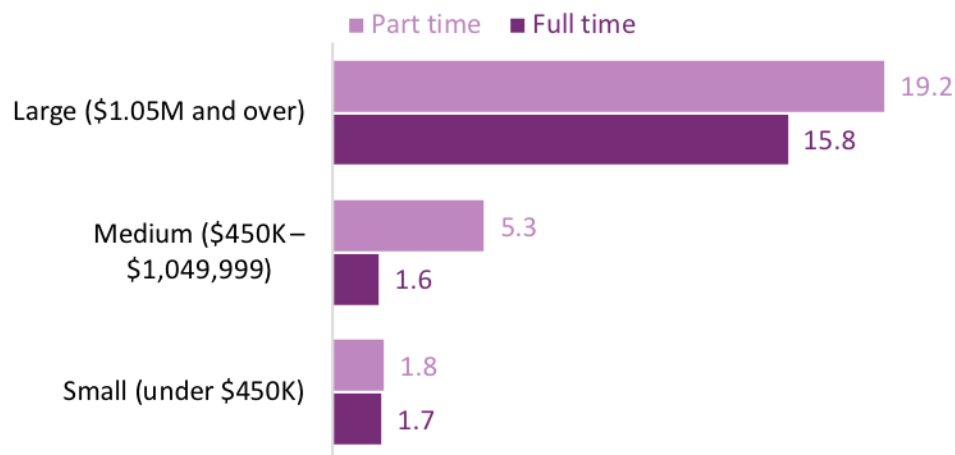
Working at a bookstore was mostly a part time gig in 2020. More than half of bookstores that answered our survey employed more part time staff than full time employees (57%), 28% employed more full time employees than part time, and 15% employed the same number of full time and part time employees.

Part time and full time staffing by the numbers in 2020:

- Total employees: 241 full time and 379 part time
- Average: 4.4 full time and 6.9 part time staff
- Median: 2 full time and 4 part time staff

The preference for part time employees remains true across all sizes of bookstores that answered our survey. On average, they employed a larger number of part time staff than full time staff. Interestingly, the average number of full time staff is similar for both small and medium bookstores: 1.7 and 1.6, respectively. In comparison, the average number of part time staff is exponentially larger for medium bookstores than for small bookstores.

Average number of part time and full time employees by size of bookstore



Full time n= 241; Part time n=379

If we look at total employees, the majority of respondents employed 6 or more people (53%) and 28% employed 10 or more staff, including the 8% who employed 20 or more staff. The average number of employees was 11 and the median was 6.

For some booksellers, their staff makeup stayed the same in spite of COVID-19. For others, however, staff numbers fluctuated for various reasons. Some had fewer employees either due to voluntary absences or layoffs (for some these numbers have recovered but others have not) or a reduction in business hours. Some bookstores have hired more staff and/or delivery drivers.

Many of the bookstores that reduced their staff hours to survive COVID-19 said that they will continue to leverage this change post-COVID.

“Closing at 7 p.m. instead of 9 p.m. has increased staff retention and happiness and allows us to put more staff during busier hours which have always suffered from the need to stretch thin to cover night shifts.”

We wanted to know which bookstore tasks took up the most time in a typical week. As you might expect, the highest percentage of staff time was for working at the till (23% of the week), followed by handselling and talking to customers (19% of the week), and then receiving and shelving books (15% of the week). This is similarly ranked for bookstores in each size category.

We segmented the tasks that typically took the most time by size of bookstore and found that ordering new books from suppliers took a longer time for small bookstores. Publishers and distributors have an opportunity here to work with smaller accounts to streamline this process.

Selling to special markets (libraries/schools) took a longer time for medium and large bookstores.

Later in the survey we asked a general question about what booksellers were proud of over the last year. Many booksellers mentioned how proud they were of their staff's resilience and strength.

"I'm proud of my amazing staff for thriving during such a challenging time."

"Our staff continue to be our strength and the reason we're still in this fight. Proud of them."

"[We're] very proud of our staff who have worked through this entire period — even though it has been stressful."

Point of sale systems support

What systems do bookstores use for their point of sale (POS) system, ecommerce platform, accounting system, and book catalogue system? Most of the respondents use Bookmanager for them all: their book catalogue system (77%), point of sale (POS) system in their physical bookstore (76%), ecommerce platform (69%), and its accounting module (30%).

Other catalogue systems were paper catalogues (47%), BNC CataList (27%), and Edelweiss (19%).

In terms of POS systems, there wasn't much adoption of alternatives to Bookmanager; Shopify and WordStock were each used by 6% of bookstores.

Accounting systems bookstores use vary. Apart from the 30% of respondents who use Bookmanager's accounting module, 30% use QuickBooks (19% use QuickBooks Online and 11% use QuickBooks Desktop), 17% use Sage/Simply Accounting, and 11% use custom systems.

“I have been very impressed with the support from Canadian publishers over this period. Monthly catalogues have helped with ordering — but I don't want to give up in person meetings!”

Ecommerce and online stores

As we mentioned above, most respondents used Bookmanager as their ecommerce platform (69%). Less popular platforms used to run ecommerce/online stores were Shopify (9%) and Woocommerce (4%).

According to [What's in Store: The State of Independent Bookselling in Canada](#), in 2018 about 6 in 10 booksellers shared their in-store product inventory online (57%) and half of booksellers reported that they derived some revenue from online/digital purchases (49%).

In 2020, 96% of respondents were running an ecommerce or online store and 74% had been around since before 2020:

- 24% for 11 or more years
- 20% for 2-4 years
- 19% for 8-10 years
- 11% for 5-7 years

For the 22% of bookstores that started their online store during the pandemic, common barriers to ecommerce entry were the cost and time involved, from set up to maintenance, and the lack of technical knowledge.

For a few booksellers, COVID-19 just sped up their timeline as they already were planning on setting up an online store. Many booksellers added that setting up online selling was a change they made to survive COVID-19 that they will continue to leverage. There were also comments that booksellers' website, web orders, and online presence were working well.

“We're putting more focus on our webstore. We've had it for years but almost no one used it. With the pandemic a lot more people started using it.”

“Use of and responsiveness to online orders — this will continue as people have found it very simple to use.”

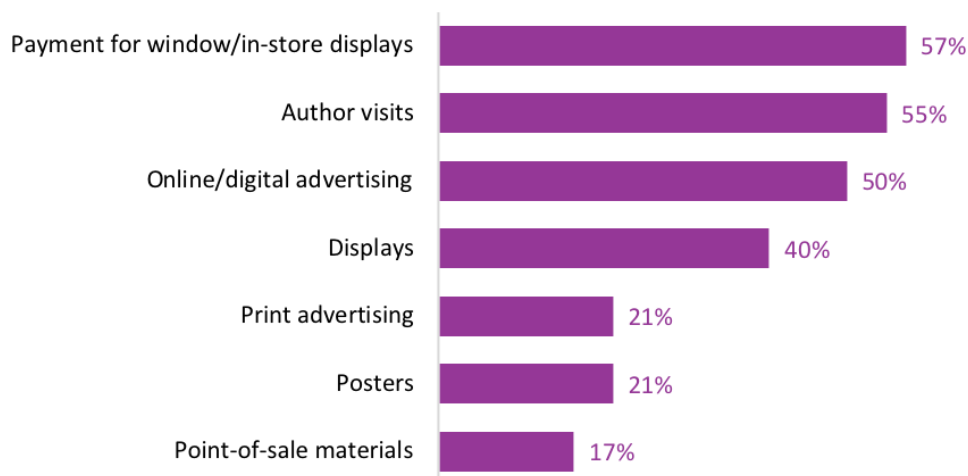
“We are proud of how quickly people have taken to using, and enjoying shopping on our website, which increased sales by almost 60 times in the year. We had already been experiencing growth prior to COVID, but we are pleased that the services that we already had in place as areas for growth have been positively received by the larger community around us.”

Marketing and promotions

What are the most effective marketing and promotions to drive business to bookstores?

First, we asked bookstores to choose up to three co-op practices that were most important to their store. The most important were payment for window or in-store displays (57%) and author visits (55%).

Co-op practices important to bookstores



n=42

Next we wanted to dive deeper into the efficacy of various marketing channels and to get a sense of which print/physical and online/digital methods bookstores were using.

Print/physical:

A clear print or physical marketing channel deemed “very effective” in driving business to bookstores was staff picks (38%) — used by 94% of bookstores. Indoor signs/displays were considered “somewhat effective” by 56% of booksellers (used by 92% of bookstores) and 37% considered their sidewalk sign to be somewhat effective in driving business into the store (used by 65% of bookstores).

Most used by respondents:

- staff picks (94%)
- indoor signs and displays (92%)
- newspaper or magazine ads (77%)
- sidewalk sign(s) (65%)

Most effective (combining “very” and “somewhat”):

- indoor signs (71%)
- staff picks (68%)
- sidewalk sign (39%)
- store newsletter/circular (38%)
- newspaper or magazine ads (32%)

“[A bookstore’s biggest challenge is that they] need marketing support and more people coming through the doors on a daily basis.”

Online/digital:

Social media is the clear online frontrunner; 98% of respondents used it and 81% found it either very or somewhat effective.

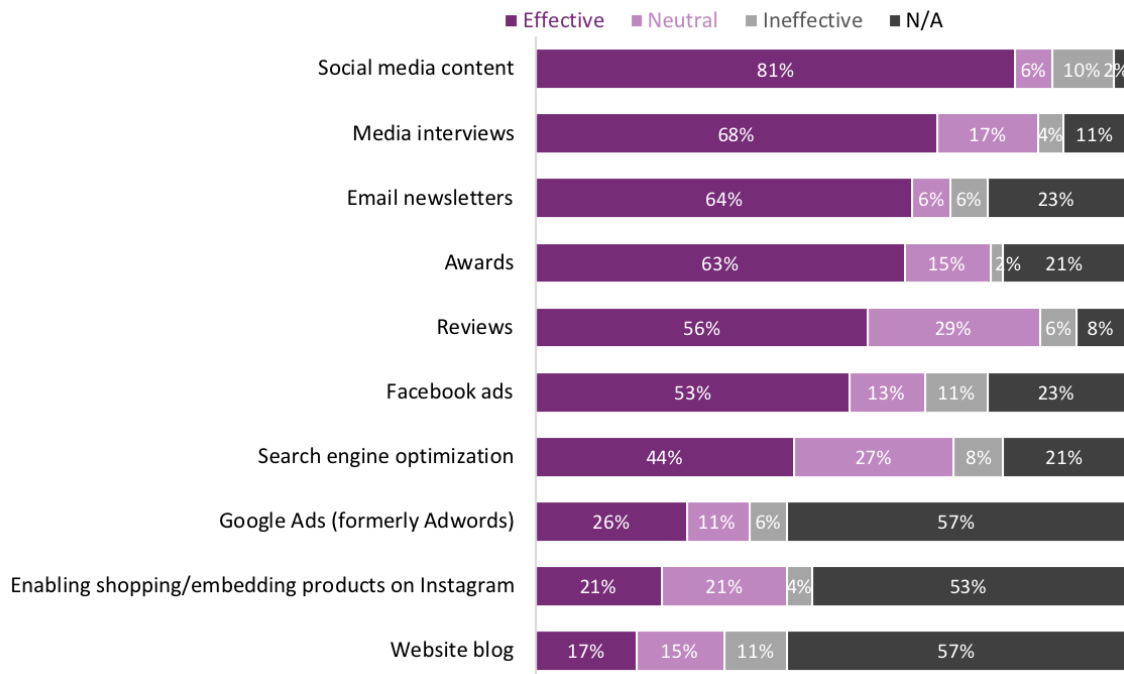
Most used by respondents:

- social media (98%)
- reviews (92%)
- media interviews (89%)
- search engine optimization (79%)
- awards (79%)
- Facebook ads (77%)
- email newsletters (77%)

Most effective (combining “very” and “somewhat”):

- social media content (81%)
- media interviews (68%)
- email newsletters (64%)
- awards (63%)

Online/digital marketing channel effectiveness



n=47

“We continue to be well connected to our communities and we've learned to keep and grow that connection online.”

“We've managed to stay connected with our community through our social media, and I believe we've helped educate people on the importance of supporting local businesses and how that can benefit their communities.”

“I would say our biggest non-COVID challenge is that we are in a very small town so we need to find creative ways to expand our customer base and to form deep connections with the locals. We could use support with increasing customer engagement and getting conversion from online marketing.”

If we break down social media even more granularly, we find that almost all respondents used Facebook for promotion or customer engagement (98%), closely followed by Instagram (91%), with Twitter in distant third (63%).

- Used at least once per week: Facebook (85%), Instagram (84%), and Twitter (48%)
- Used every day: Facebook (52%) and Instagram (52%)
- Least used: Snapchat (100%), TikTok (95%), Tumblr (93%), Pinterest (91%), and YouTube (73%)

Engagement and outreach are some things that booksellers are working on. A few booksellers talked about outreach to younger people when asked about their challenges. One bookseller commented that “active outreach to community organizations, schools, and homeschooling groups” was working well for them.

According to BookNet’s Canadian Book Consumer surveys, in 2020 half of Canadians agreed that it is important for society to have physical bookstores for people to visit (14% said “yes” and 36% said “sometimes”). When we asked about the frequency with which Canadians visited bookstores, we found that 37% of

Canadians visited a bookstore online more than once and 31% visited a bookstore in person more than once, on average in 2020.

A change bookstores had made to survive COVID-19 that they will continue to leverage post-COVID is around marketing, specifically online through an increased social media presence and engagement.

“We have upped our social media which has been very important to our visibility.”

“More use of paid ads on Google and Facebook.”

“Engaging more with our direct community (shop local).”

How does this correspond to where Canadians spend their time online? In our July 2021 BNC podcast episode, [Beyond #BookTok: When social media and publishing collide](#), we shared that over 65% of the Canadian population uses social media ([Statistics Canada](#) and [Statista](#)) and that the most popular social networks for Canadians are Facebook, messaging apps, YouTube, and Instagram ([Social Media Lab](#)). According to BookNet’s Canadian Book Consumer surveys, the most popular social media platforms in 2020 were similarly ranked for Canadian book buyers.

In BookNet Canada’s [Canadian Leisure & Reading Study 2020](#), we learned that 77% of readers browse social media and the web daily. In fact, 40% of readers visited one or more book-specific social networks such as Goodreads, 49th Shelf, Shelfari, etc. We also learned that for 22% of respondents, social media was one of the three main ways in which they generally discovered books. But social media was not only a tool for discovery, it was also one of the ways in which readers engaged with books and book-related activities – 17% of readers report going online to read about the author or follow them on social media.

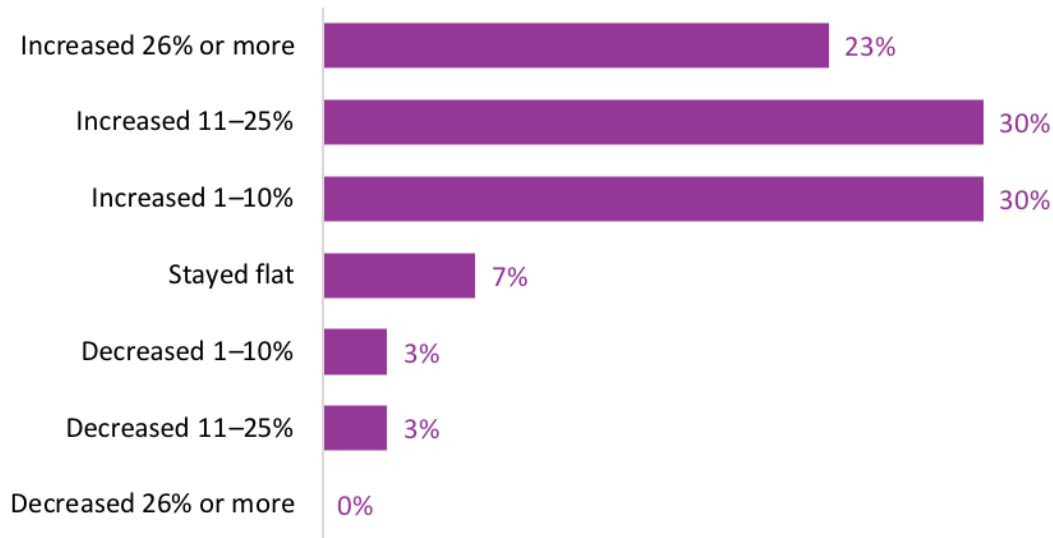
Shipping

As found in our 2018 study, [What's in Store: The State of Independent Bookselling in Canada](#), 49% of bookstores offered customers the ability to buy online and get it delivered. About a quarter of bookstores offered free shipping (26%) and 17% offered paid express shipping in 2018.

In BookNet's Canadian Book Consumer surveys, we discovered that 45% of Canadians add books to their online cart to get free shipping (24% said "yes" and 21% said "sometimes").

For this year's respondents, shipping represented 4% of all operating expenses in 2020 (similar to advertising and marketing, benefits, and outsourced services). (Note: The shipping data collected in this question could include both customer order shipping and other business-related shipping.) For 83% of bookstores, shipping costs have increased from 2019 to 2020.

Changes in shipping operating costs from 2019 to 2020



n=48

Which shipping options were considered efficient? Delivering to customers was considered efficient by 84% of bookstores and returns to suppliers by 62% of bookstores.

When asked what percentage of total shipments/deliveries to customers were handled by specific methods in 2020, most respondents on average used curbside or store-front pickup (38%), followed by Canada Post (27%), and free local delivery (20%). Less popular methods were paid local delivery, Canpar, or Purolator.

How was this different when segmented by size of bookstore? As revenue increased, the more likely it became that bookstores outsourced their deliveries, whether through paid local delivery or organizations like Canada Post or Purolator.

The small and medium bookstores' most popular shipping methods were similarly ranked with companies like Canada Post handling fewer than 6% of all deliveries:

- free local delivery (40% and 44%, respectively)
- curbside or store-front pickup (24% and 13%)
- paid local delivery (14% and 28%)

In contrast, for large bookstores (\$1.05M and over) the percentage of different methods were more evenly distributed and a higher percentage of shipping was handled by organizations:

- free local delivery (25%)
- paid local delivery (24%)
- curbside or store-front pickup (17%)
- Canada Post (12%)
- Purolator (12%)

Large bookstores designated 7% of their operating expenses to shipping, whereas this category represented 3% of the operating expenses for small and medium bookstores.

Many booksellers commented that local delivery and curbside pick up were working well. This was a change many bookstores made to survive COVID-19 that they will continue to leverage post-COVID.

When booksellers were asked about their challenges, a key theme was about the costs to ship customer orders.

“Shipping is killing us. Publishers’ online stores are not helping... pushing folks to order from Amazon’s... shop button.”

“In terms of support, in order to thrive we would sell more books if they were cheaper to ship. The book rate would make it possible to dramatically increase our customer base.”

“We need to continue to push the federal government to offer bookstores a large break on the Canada Post rates to ship parcels.”

“We need government monies to be directed to supporting a cheaper shipping rate for independent business in Canada.”

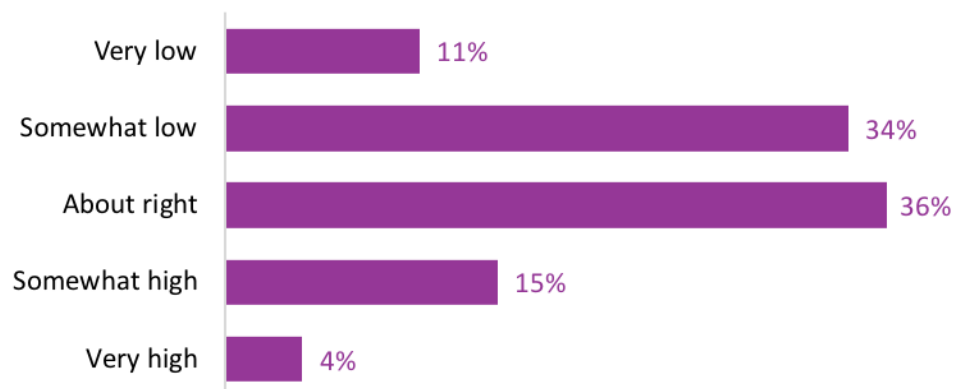
“The true costs of online shopping and shipping will become apparent in 2021 and beyond. There was so much government support (both directly and via publishers) in 2020, that many of those costs were offset, and we will see less of that going forward. Profitability will be a real issue.”

Returns

Last but not least in our look at bookstore operations is return. The average return rate for the bookstores who completed our survey was 17%, with half of respondents having a return rate of 15% or higher (the median was 16%). When we segment this by size of bookstore, we find that the average return rate is lower for small bookstores (revenue under \$450K) (14%) and higher for medium (16%) and large bookstores (22%).

The majority of booksellers thought their rate of returns to suppliers was about right (36%) or somewhat low (34%).

Perception of the return rate



n=47

Even though most booksellers thought the rate of returns were about right or somewhat low we still solicited suggestions for reducing or better managing the level of returns. Ideas were put into three categories: COVID-19 related, internal, and industry. But, as one bookseller noted, “there is no easy solution or it would have happened.”

In the COVID-19 category, booksellers commented that because of COVID-19 they weren’t able to sell to customers, that online events weren’t bringing in the same volume of sales as in person events, and/or that they didn’t know that their suppliers/distributors were able to receive returns (this was related to supply chain constraints due to COVID-19).

Here are some ideas from booksellers to implement within their store(s) and incorporate into internal processes to remove the financial burden of hanging onto overstock:

- allocate more staff time to returns
- work on increasing stores' customer base
- buy with the intent to sell
- buy fewer copies of frontlist titles
- reorder more frequently
- make time to evaluate stock monthly
- pay attention to special orders as indication of overlooked titles

More systemic ideas that booksellers suggested to reduce or better manage the level of returns are industry-wide:

- discount shipping prices/reduced freight costs (Canada Post, etc.)
- faster shipping to get replacements quicker and order fewer copies more often
- remove return restrictions to return slower moving stock
- allow bookstores to discount books for sale instead of returning

"[A way to reduce returns is to have] regional warehouses that have adequate stock. If we could re-stock more quickly, we would be able to better respond to a book selling more quickly than anticipated. The majority of what we return are leftover copies of books that we want to have sufficient inventory of for its initial release, or copies of a book that we received too late and was purchased at a different vendor. A broader network of warehouse locations would make it easier for us to be nimble."

"Getting the *Globe and Mail* to review books in a timely way would also help. Having to scramble every Saturday morning to discover that three of the five books featured are 9-15 months old, and already returned, and one has not been

released yet, is not just frustrating, but does affect the way I order and return books.”

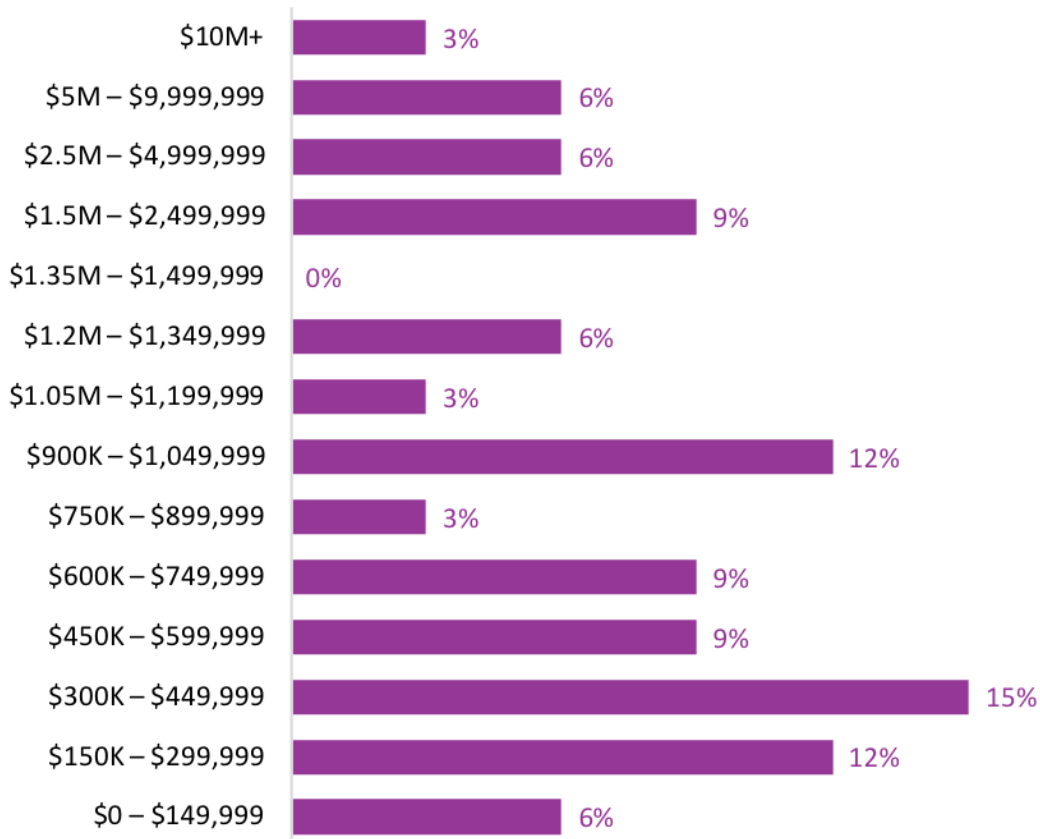
“Perhaps offering specials with extra discounts on non-returnable terms [or] a partial crediting system on returnable stock. It could be similar to a split discount on a co-op promotion but would be applied to aging stock. Bookstores would have a window to apply (say on stock that is 10 to 12 months old) and would have either maximums or minimums to restrict applying (e.g., you can't apply on quantities under or over a certain amount, depending on which was deemed to be more likely to cost the publisher more money). You would apply with your claim and your account could be credited a percentage of the cost, which would allow you to offer a deeper discount on the titles rather than shipping them back and having them enter the remainder system and get discounted that way.”

“Supplier shipping times are horrible... I realize that it takes about a week to get things here from the eastern US/Canada, but a lot of times it can take a week or more for them to even pick our order for shipping. It's painful when a customer comes in to order a book and I have to say "2-3 weeks" because of how slow these publishers are at shipping.”

Revenue and profit margins

The 2020 Canadian gross revenue of slightly less than half of bookstores was \$900,000 or more (45%). For 27% of respondents, their 2020 revenue was between \$150,000 and \$449,999.

2020 revenue



n=33

The average gross profit margin was 41%. When booksellers were asked about their challenges, a key theme was about increasing profit margins by:

- reducing the cost of shipping,
- handling inventory,
- having rent assistance/support, and
- getting wage subsidies for new staff.

“[A bookstore’s biggest challenge is that] we need to make better margins on books. We make them on everything else we sell.”

Retail and institutional sales

On average, retail in-store sales made up the bulk of overall 2020 revenue (61%), with retail sales online at 24%, and wholesale/institutional sales at 13%.

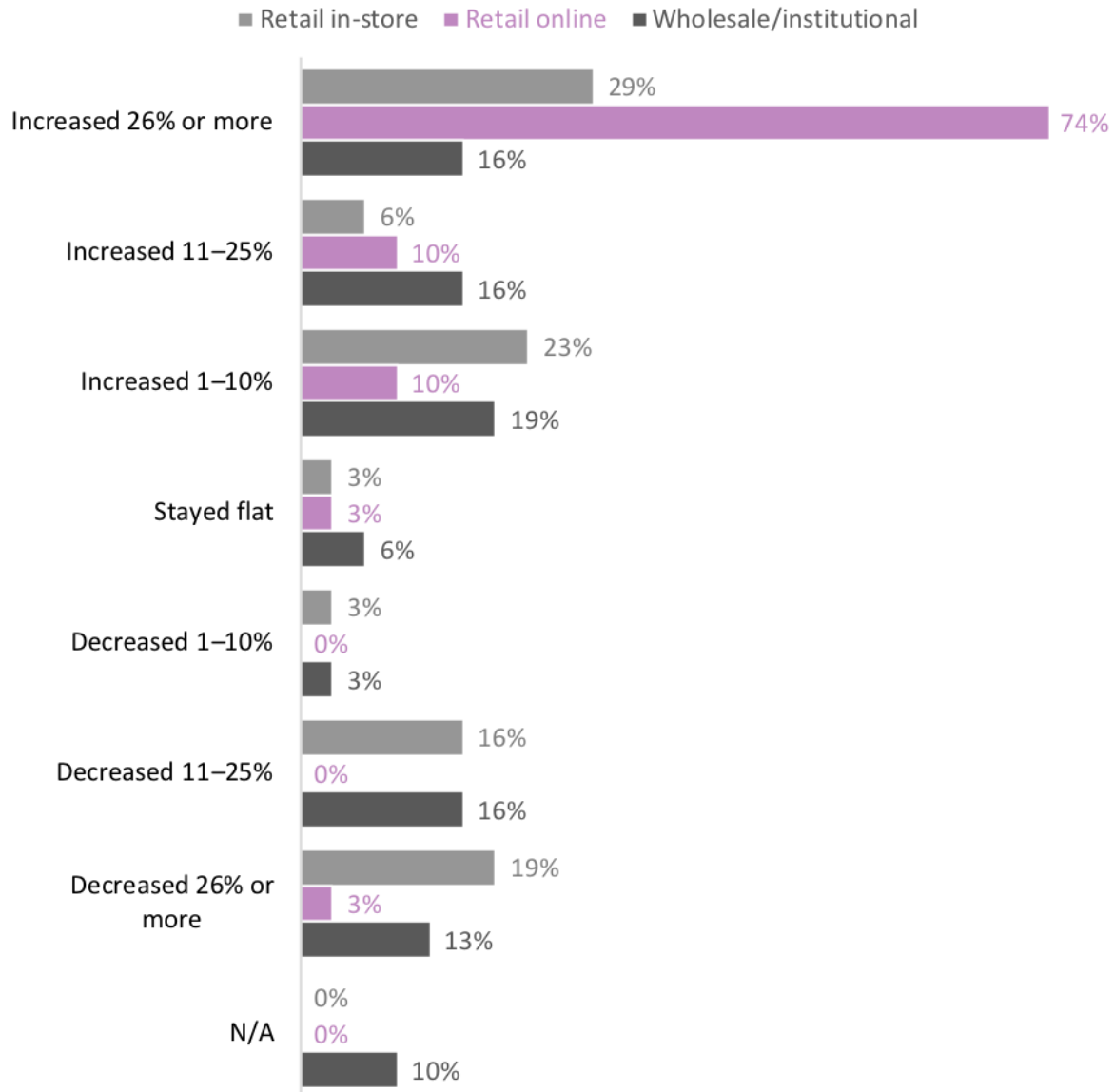
Average percentages of respondents by size of bookstore

Customer type	Small: \$0 - \$449,999	Medium: \$450K - \$1,049,999	Large: \$1.05M - \$10M+
Retail in-store	61%	57%	63%
Retail online (including ecommerce and telephone)	34%	27%	12%
Wholesale/institutional (libraries, schools, etc.)	5%	15%	20%

n=11 for each group

How has this changed? As we should all expect, the largest change in sales from 2019 to 2020 was an enormous increase in online sales — 74% of bookstores said they experienced an increase of 25% or more. However, a large proportion of booksellers also experienced an increase of in-store sales in 2020 as well.

Sales changes from 2019 to 2020



n=31

“It would be ideal for our industry if the rest of the country had the same rules that were in Québec where government institutions [including libraries] must purchase books through independent vendors [Canadian bookstores, specifically].”

Merchandise/inventory and cataloguing

Bookstores rarely sell only books. But what else do respondents sell?

- 97% sell new books
- 87% sell puzzles
- 86% sell calendars, planners, and stationery
- 79% sell toys and games
- 67% sell remaindered books
- 63% sell paraphernalia like mugs and apparel
- 58% sell magazines and periodicals (including comics)
- 28% sell used books

On average, new books made up the bulk of overall 2020 revenue (78%), with toys and games at 7% and paraphernalia at 4%.

Average percentage of total revenue for merchandise types by size of bookstore

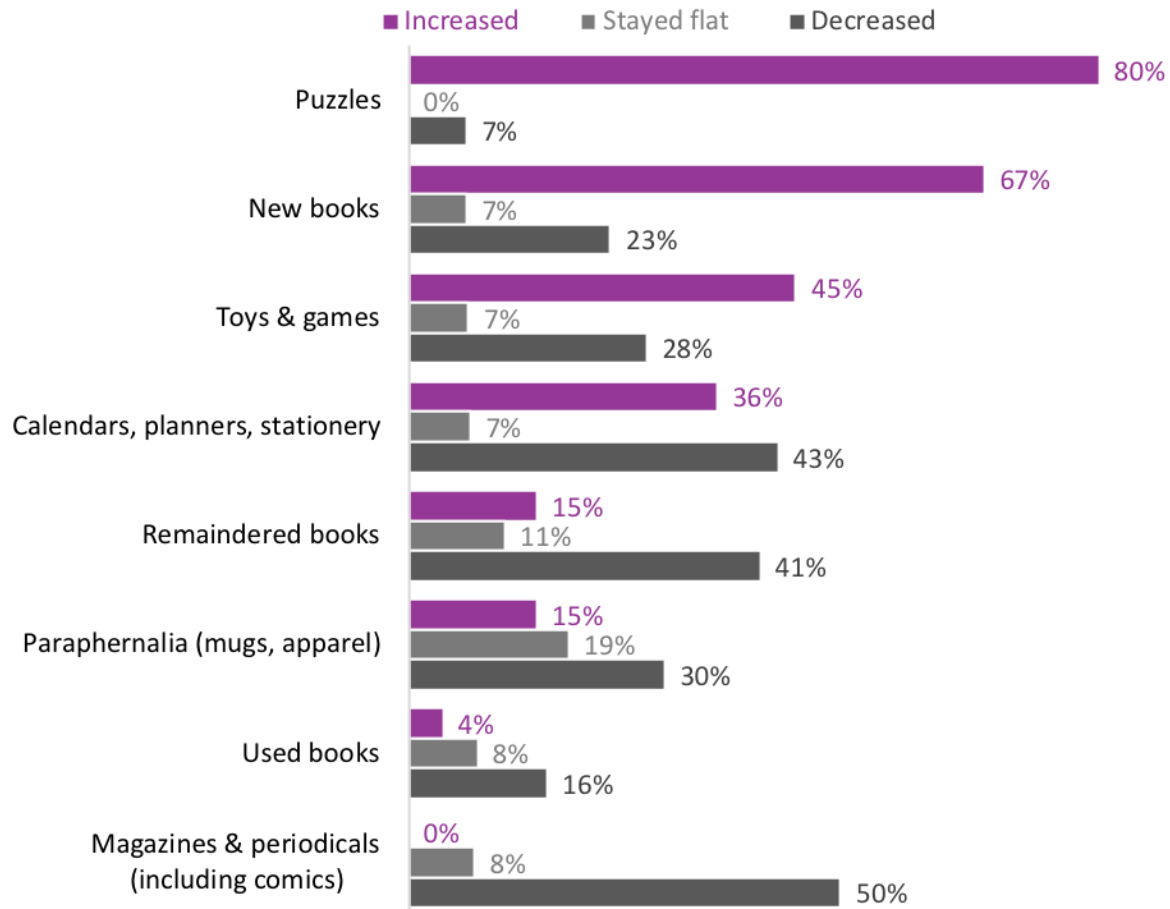
Merchandise type	Small: \$0 - \$449,999	Medium: \$450K - \$1,049,999	Large: \$1.05M - \$10M+
New books (print books, ebooks, audiobooks)	78%	80%	76%
Toys & games	7%	3%	9%
Paraphernalia (mugs, apparel)	4%	1%	3%
Calendars, planners, stationery	1%	2%	2%
Puzzles	3%	2%	2%
Remaindered books	3%	4%	3%
Magazines & periodicals (including comics)	0%	0%	1%
Used books	2%	2%	0%
Something not listed	2%	0%	2%

n=11 for each group

Note: Not all bookstores use these categories. Some bookstores have categorized puzzles and paraphernalia in the Toys & games category and others have sales not properly classified.

How has this changed? We found that between 2019 and 2020 sales for puzzles increased for 80% of bookstores, followed by a growth in sales for new books for 67% of bookstores, and toys and games for 45%. Magazines and periodicals, a mostly in-person browsing experience, have decreased for 50% of respondents.

Changes in merchandise sales between 2019 and 2020



n=25-30

Note: Totals will not equal 100% as "N/A" answers have been excluded from the graph.

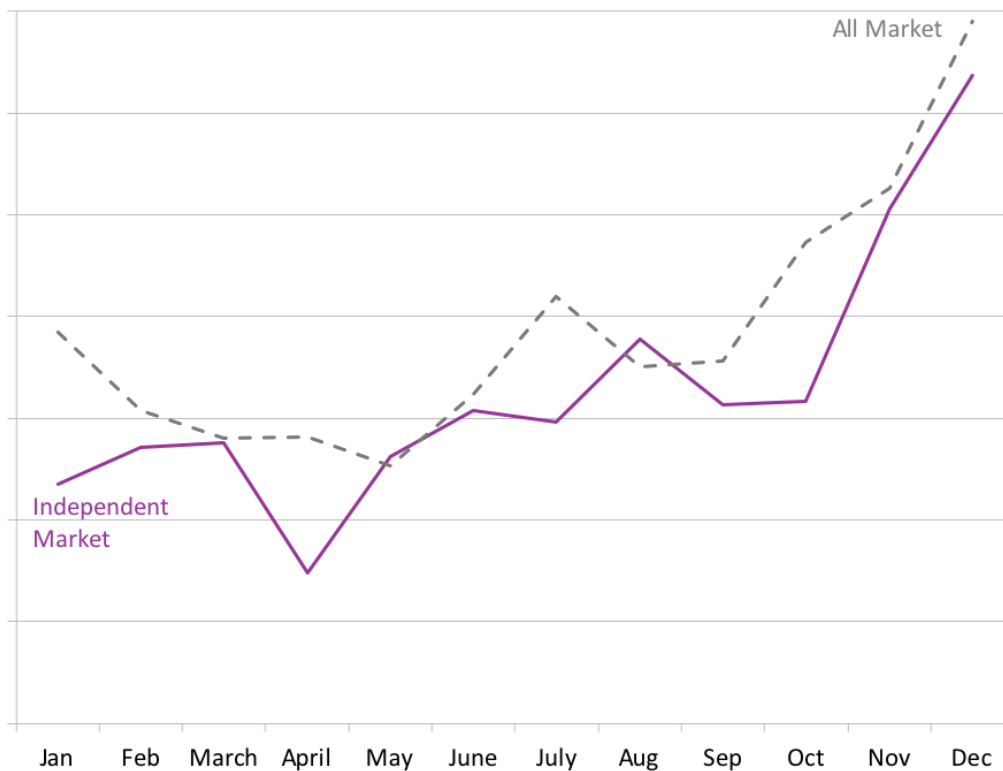
A few booksellers commented that their book selection and staff product knowledge (knowledge of Canadian books, handselling skills) was working well.

Consumer shopping at independent bookstores

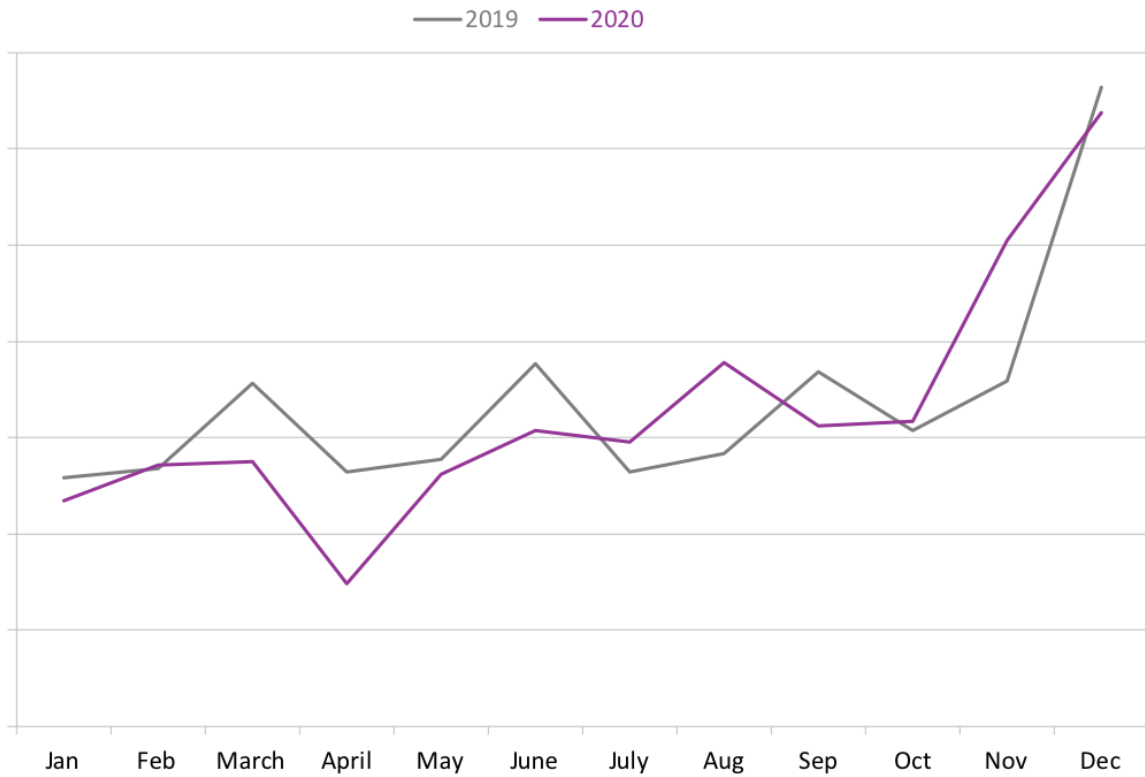
Let's look at inventory and sales for books in the Canadian English-language trade book market as reported to [BNC SalesData](#), the national sales tracking service. Survey respondents account for approximately 45% of the sales in the independent bookstore channel in 2019 and 2020.

Comparing the overall market (All) with independent stores in 2020 we can see the impact of COVID-19 related retail closures in spring 2020 with sales in the independent bookstore channel having dropped significantly in April 2020 compared to those in the overall market. Sales had a small peak in the summer of 2020, in July for the All market and August for the independent bookstores, before the large Christmas peak in December. Note: Sales for the All and Independent Markets are plotted on different scales.

Sales in 2020 by channel



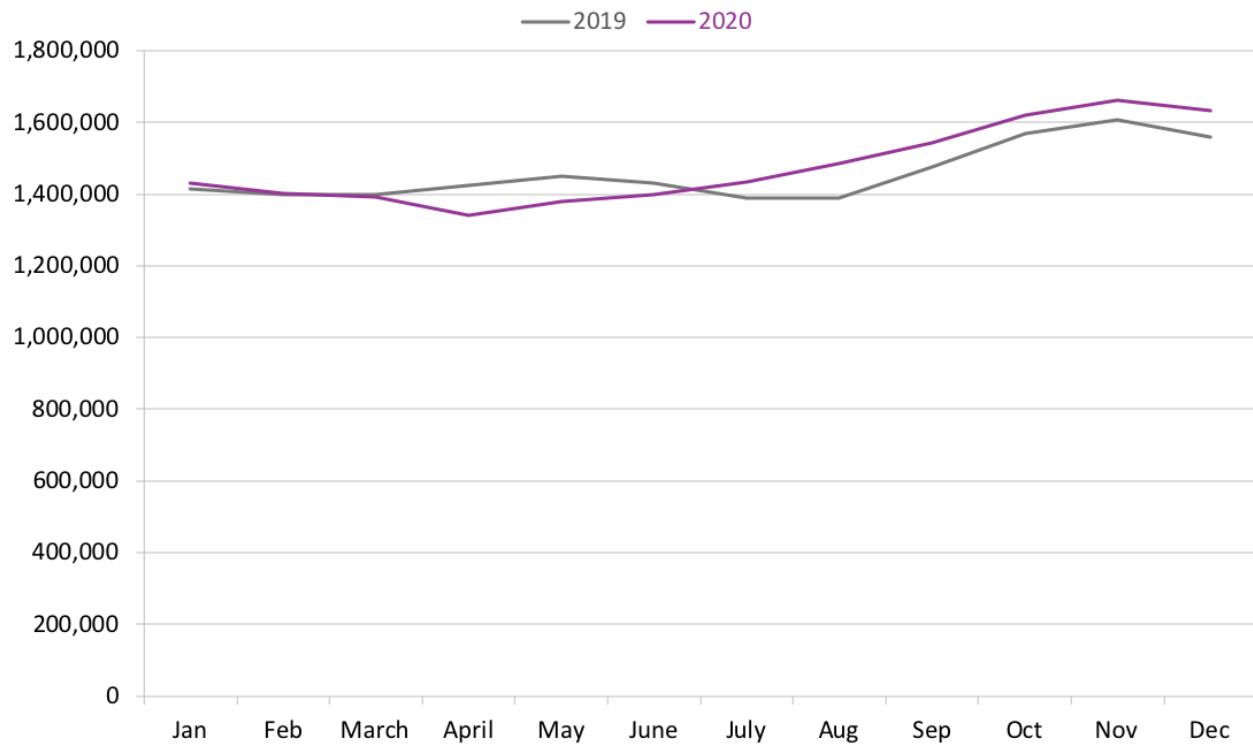
Volume sold in the Independent Market by month, 2019 and 2020



Overall sales for the independent stores had an average percent change of -2.0% in units when comparing 2019 and 2020. However, the overall market (excluding the independent stores) dropped 2.7% between the two years.

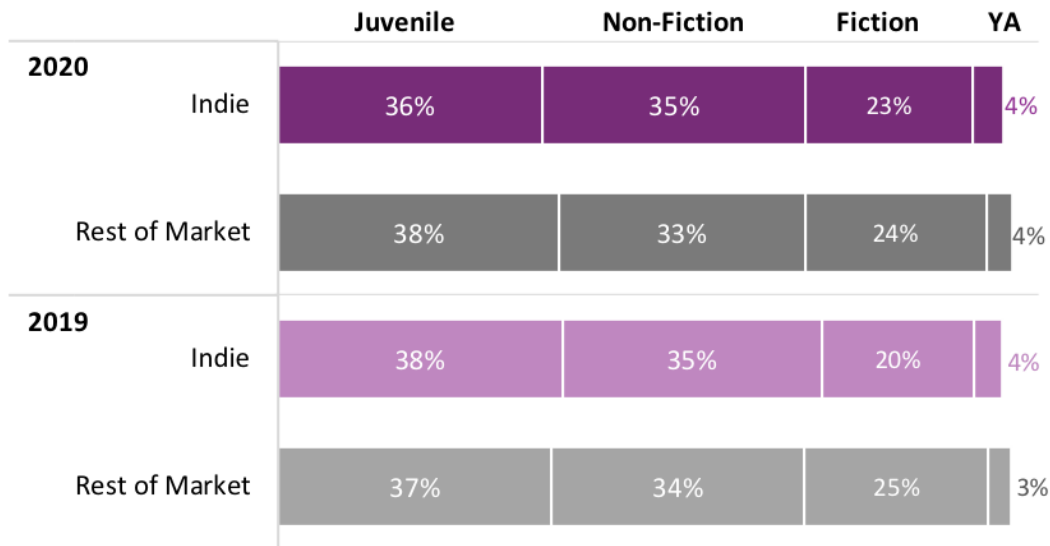
In comparison to the year prior, inventory for the Independent Market remained very similar in 2020. In 2019, inventory levels peaked in May with an average of 1.4M books and lowered to 1.3M before increasing inventory for the Christmas period. In 2020 there was a slight decrease in inventory in independent stores, but the quantity increased through the late summer and fall to be higher than the levels in 2019.

Average inventory levels in the Independent Market by month, 2019 and 2020



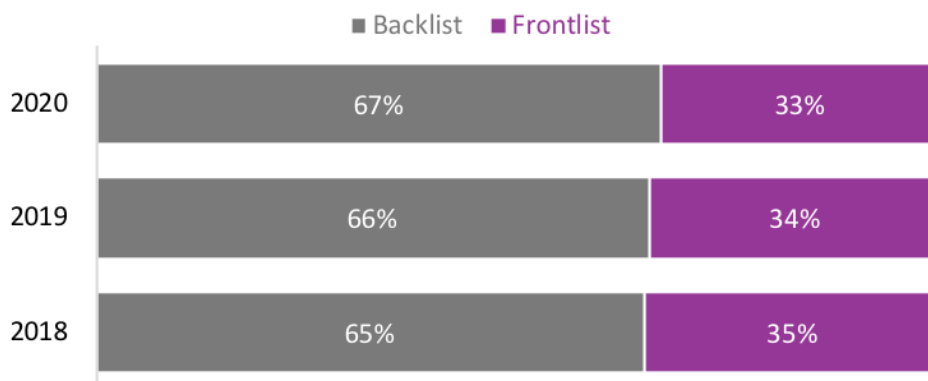
When we looked at the market breakdown of sales (units) for the independent stores and the rest of the market (minus the independent stores) in 2020 and 2019 we found that the largest difference between the two markets were in 2019 for Fiction sales.

Percentage of sales by subject, by channel



According to [SalesData](#), books that were sold in 2020 were made up of 35% frontlist titles, a decrease from 37% in 2019. (Frontlist was defined as books published within the year.) In the independent bookstores market, frontlist titles also decreased slightly, from 34% in 2019 to 33% in 2020.

Frontlist and backlist titles sold in the independent bookstore market on average, 2018–2020



Some of the changes bookstores made to survive COVID-19 that they will continue to leverage post-COVID were around inventory:

- increasing more efficient frontlist buying
- buying strategically
- limiting discounting
- ordering outside of their core genre

Reflection and planning

COVID-19 and bookstores

In BookNet's Canadian Book Consumer surveys, 93% of Canadians agreed that COVID-19 impacted their book buying in 2020 (62% said "yes" and 31% said "sometimes"). Bookstores made many changes to survive COVID-19 and, as we have mentioned throughout this study, some will continue post-COVID. Booksellers will keep their online store, local delivery, marketing online using social media, reduced opening hours, buying frontlist more strategically, and hosting virtual and in-person events. A few booksellers even commented that post-pandemic they will be transitioning to hybrid online and in-person events — filming and broadcasting live events.

"We desperately want to get back to the bookstore as a "Third Place" in our community, not simply a place where transactions take place."

"As we plan to reopen a physical space in the fall, we hope we can maintain our growth and momentum as we welcome back a hopefully willing audience to book browsing and shopping."

Booksellers are not the only ones who made changes to survive COVID-19. Suppliers also adjusted some of the ways they do business. Here are some changes that booksellers want to see continued past COVID-19:

- extended payment terms, extended returns;
- cut freight costs, increase the number of co-op lower minimums for forward freight agreements (FFA);
- lower order minimums, lower threshold for free shipping from distributors;
- higher discounts, increased discounts /promotions; and
- more rebate programs.

Supplier changes that booksellers want to see continue:

“Increased efficiency of some Canadian suppliers.”

“Credits for Canadian books ordered [DCH Distributor program launched late in 2020] was incredibly helpful.”

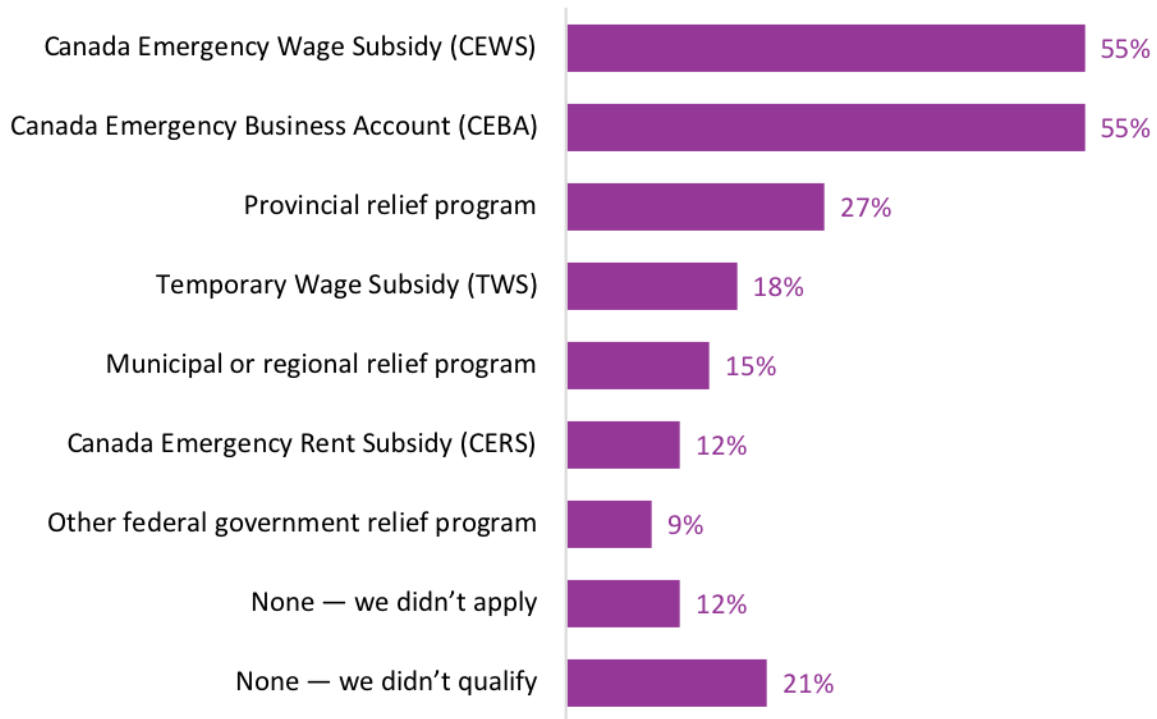
“Ability to access stock from multiple sources.”

“Canada Heritage grants being used to provide additional discounts for booksellers on books from Canadian publishers.”

“Virtual author events.”

In total, 79% of respondents qualified for COVID-19 governmental assistance programs though 88% of respondents applied. Just over half received the Canada Emergency Wage Subsidy (CEWS) (55%) and the same percentage used the Canada Emergency Business Account (CEBA) (55%).

COVID-19 governmental assistance programs



n=33

About a quarter of booksellers said they were indirectly supported by the Department of Canadian Heritage (DCH) Distribution Program (27%). Other assistance included landlords reducing rent and local tourism grants.

Perceptions of industry health

In our past few industry surveys where we surveyed booksellers (fielded in 2019) and publishers (fielded in 2020), we asked respondents to rate the health of various segments of the book industry. When we asked [publishers](#) to rate the health of industry segments at the end of 2019, 15% of publishers rated bookstores as healthy and 40% of publishers rated the Canadian publishing industry as healthy.

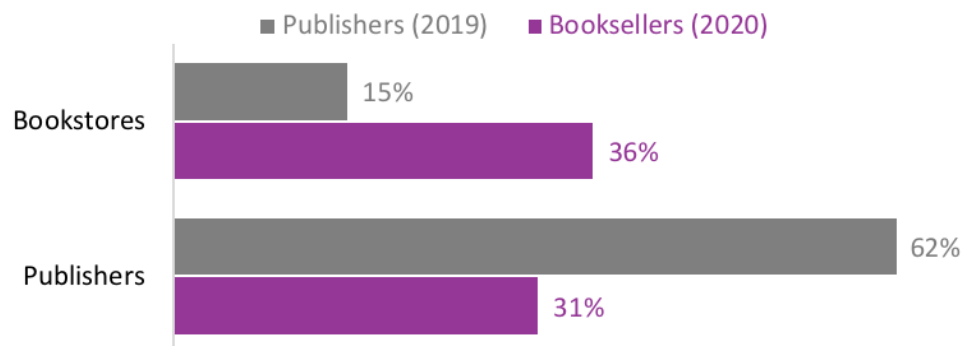
We found in our [inaugural version of this survey](#) that most booksellers had a positive outlook on their stores and bookstores at the end of 2018. About seven out of ten booksellers rated their bookstore as extremely or moderately healthy (74%) and about six in ten viewed bookstores in general as extremely or moderately

healthy (63%). 63% of booksellers rated the health of the Canadian publishing industry as excellent at the end of 2018 and 31% gave a “neutral” rating.

Fielded two years after the inaugural survey and, of course, after COVID-19, this time we asked booksellers to rate the health of industry segments based on how they perceive each segment’s ability to withstand challenges, adapt, and thrive. A lower number of booksellers rated their own bookstores as healthy as they rated Canadian bookstores as a group:

- 55% of booksellers rated their own bookstore’s health as excellent, 39% rated their own store’s health as fair, and 6% rated their own store’s health as bad.
- 36% of booksellers rated Canadian bookstores’ health as excellent and 64% rated Canadian bookstores as fair.

Excellent health ratings by publishers in 2019 and booksellers in 2020



2019 n=47; 2020 n=33

In 2020, 66% of booksellers rated the health of Canadian publishers as fair. What about other independent retailers? 12% of booksellers rated the health of other retailers as excellent, and 67% gave a “fair” rating.

Success: past and future

We wanted to give booksellers a chance to share their successes in 2020, so we asked an open-ended question to find out what they were proud of. Many booksellers were proud of their community's support.

"Honestly, I cannot say that I am proud of anything. I get a lot of compliments that my store is well curated, and very appealing to be in, so I guess we'll let the customers speak on that one."

"[We're proud of] our community engagement and ongoing enthusiasm of both customers and staff for what we do (despite the fact that we are all very tired)."

"I'm proud of my community for stepping up and REALLY shopping local."

"I'm proud of our town for rallying and offering pretty much unconditional support — from buying books to doing deliveries. Our virtual events are well attended and we always try to think outside the box when creating them."

We also wanted to know what having success or "enough" means to them. The majority of booksellers want to:

- create a strong community hub for local readers and thinkers;
- reinvest in people (staff and community);
- highlight independent presses and Canadian writers;
- grow and maintain a stable, sustainable business; and
- pay bills on time and pay a living wage to all employees.

Booksellers had loftier goals as well: they talked about longevity for and the reputation of their bookstore, fostering deep relationships and connections with their community, and a holistic sense of wellness for their staff and themselves.

“Success would look like making enough money to pay my bills on a monthly basis, draw a small salary, and not be so incredibly stressed on a daily basis.”

“Being able to reach a wider audience, and to continue supporting our local community, authors, readers, and getting books into their hands.”

“To be able to provide a comfortable living for ourselves and our staff. To have a comfortable “cushion” that will let us take risks or make changes without having to go into debt!”

“My goal for the store is continued growth through various channels (increasing schools/wholesale being the biggest) to push close to \$500,000 in sales. Hire a bookkeeper, and have more full-time staff that could specialize in their customer base.”

“My vision for the store is to always be a leader in the community on all fronts but most especially for all marginalized populations. I want to always be at the cutting edge of societal change. I want everyone to feel welcome in my store. I want to continue to bring wonderful authors and cultural events to our city.”

“Financially we are okay but physically and emotionally all of our staff are drained — enough would be the opportunity for all of us to refresh and reset in a safe and welcoming environment! Our vision is that our bookstore is a lively cultural hub in the community offering the opportunity to “connect” around books and ideas.”

“We would like to hire a few more employees and continue to pay them a living wage and offer robust benefits. If we can do that and host well-attended and -enjoyed events in our space, while still managing to pay our bills on time, I feel like we'll be a success. We also want to continue to work with our community and highlight more queer and racialized writers and the independent presses who publish their work.”

About BookNet Canada

BookNet Canada is a non-profit organization that develops technology, standards, and education to serve the Canadian book industry. Founded in 2002 to address systemic challenges in the industry, BookNet Canada supports publishing companies, booksellers, wholesalers, distributors, sales agents, and libraries across the country.

BookNet Canada acknowledges that its staff, board, and partners work upon the traditional territories of the Mississaugas of the Credit First Nation, Anishnawbe, Haudenosaunee, Wendat, and Huron Indigenous Peoples, the original nations of this land. We endorse the Calls to Action from the Truth and Reconciliation Commission of Canada and support an ongoing shift from gatekeeping to spacemaking in the book industry.

The book industry has long been an industry of gatekeeping. Anyone who works at any stage of the book supply chain carries a responsibility to serve readers by publishing, promoting, and supplying works that represent the wide extent of human experiences and identities, in all its complicated intersectionality. We, at BookNet Canada, are committed to working with our partners in the industry as we move towards a framework that supports “spacemaking,” which ensures that marginalized creators and professionals all have the opportunity to contribute, work, and lead.

BookNet Canada’s services and research help companies promote and sell books, streamline workflows, and analyze and adapt to a rapidly changing market. BookNet Canada sets technology standards and educates organizations about how to apply them, performs market research, and tracks 85% of all Canadian English-language print trade book sales through BNC SalesData.

BookNet Canada has extensive research available on our [website](#), both free and for purchase.

- [On Diversity: A Survey of Canadian Readers 2021](#): The 2021 update on our 2018 report asks Canadian readers if there’s continued demand for diversity. In

this free study we wanted to know: How do they define “diversity”? What type of diversity do they want to see? What do they think about industry efforts to diversify books and the publishing workforce?

- [Canadian Leisure and Reading Study 2020](#): This free report looks at how Canadians are spending their leisure time and the behaviours of Canadian readers in 2020, with a particular focus on how readers and non-readers spend their free time, how readers discover and acquire their books, readers' format preferences, popular Fiction and Non-Fiction genres, the value of books across formats, and more.
- [Canadian Book Consumer Study 2020](#): This free study shares the results from our quarterly survey on why and how Canadians acquired books in 2020 — from awareness and discoverability to the reasons why Canadians decide to read, buy, or borrow specific books. It also compares Canadian book buyers and library book borrowers.

We also feature our research on the [BookNet Canada Podcast](#). To stay updated on current and future research, including our forthcoming study on what readers think about diversity in the Canadian book market, subscribe to our monthly [BNC Research newsletter](#). To stay up-to-date on all BookNet Canada news and information, subscribe to our [weekly eNews](#).

If you have any questions or comments about this or other studies, please contact the research team at research@booknetcanada.ca.

Industry-led and partially funded by the Department of Canadian Heritage, BookNet Canada has become, as *The Globe and Mail* puts it, “the book industry’s supply-chain nerve centre.”

Learn more at booknetcanada.ca.