

## THE MAGIC NUMBER

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### FACTS ARE STUBBORN THINGS

When virtually all new authors get their first publishing contract, be it with a large major publishing house, or a smaller independent press, after months or years of waiting, hoping and praying—recognizing that they are among the fortunate few in the 1% of what's written that ever makes it into print—the natural tendency is to dream of hitting that bestseller list, selling thousands if not hundreds of thousand or even millions of copies, generating lottery-winning sized royalty checks, skyrocketing to fame, and pretty much living happily ever after.

However, consider the following: According to *Nielson Bookscan*, which is the organization that monitors retail sales statistics, in 2004, of the more than 1.2 million unique titles sold that year (of which roughly 172,000 of them are new titles in the US), **LESS THAN 2% OF THEM SOLD OVER 5,000 COPIES.** Go back and read that last phrase again. Maybe a third time for good measure.

Look at that statistic another way, of the 1.2 million unique titles sold, over 98%, or 1.176 million of them, sold less than 5,000 copies each. Several sources cite that what's considered a moderately successful book (read: non-bestseller) averages about 2,000 units in sales. To add insult to injury, of all the books sold, the return rate for books to be remaindered or destroyed is still over 50% industry-wide. "How can this be?" you ask. Answer: by design. "But that sucks!" you justly protest. And that's is why this article in intended to help you understand why this is, and if you are that new author, what you just might be able to do about it—if you're willing to do so.

### THE DAYS OF YORE

In olden days of publishing, which for the sake of this discussion we'll call the lion's share of the 20<sup>th</sup> century up until about the mid-1990's, the publishing industry, primarily in the context of adult trade books, was neatly divided into three fairly distinct tiers: A-List, B-List, and Mid-List. You may still hear some of these labels, or variations thereof, but don't get distracted by semantics.

The gist of the matter is that at the top of the food chain you had the A-List authors—the bestsellers, the big names, the rainmakers for the top publishing houses. These are those authors who had established massive audiences of loyal readers who buy books in the hundreds of thousands if not millions. Big advances, big promotional budgets, the works. Obviously, there are only a handful of these souls in existence at any moment in time.

Within the B-List, you found your established authors who generated a respectable volume of sales on a regular basis, but never make the bestsellers lists. They're definitely in that 2% or less who sell more than 5,000 copies per year. They get some promotional help from their publishers, respectable advances, etc. Think of them as the bread-and-butter "journeymen" of the biz.

And then you have your Mid-List authors. For a long time the Mid-List was reserved for the entry level for most new authors, and everyone was cool with that. Small advances, small print runs, little

marketing support, if any. Nevertheless, the vast majority of wannabe authors would gladly give their firstborn just to make a Mid-List at a reputable publishing house. The Mid-List was where the rookies paid their dues, demonstrating whether their work would generate any decent sales traction and whether their sell-through (the percentage of books sold of what was printed in an initial print run) and potential backorders were worthy of justifying any reprints or subsequent contracted works.

From the publisher's perspective, the Mid-List authors were viewed a lot like Venture Capitalists view start-up companies. That is, the VCs would invest in ten projects, hoping that one or more of them will be a success, which, in turn, would handsomely reward them and cover any losses from the nine that routinely fail. In the publishing context, the Mid-List served to sift out the new B-List and A-List talent. It also served the genre-based markets with a high volume appetite for new titles on a regular basis by relatively small but faithful readership niches.

Of course, a lot of this old paradigm shifted when enough B-List and A-List talent was produced to fill most if not all of the annual production slots for the major publishers. The thinking here was risk-aversion driven. Why take a chance on a new voice potentially failing, when you already have authors under contract who have demonstrated that they are in the top 2%? The natural result of this accountant-centric acquisition strategy was to cause the door to new voices all but being completely slammed shut. And with vastly increased competition from an unending supply of new publishers, the niche genre-based markets are being served more than they can handle.

Furthermore, the criteria for new voices changed dramatically as well over the last ten years. Admittedly, something "brilliant" sneaks in on occasion, but the norm these days for choosing a first-time author by a big house is very simple: bring a preexisting audience with you and you're in. So if you've achieved fame in any other walk of life: politics, journalism, entertainment, sports, crime, whatever, and you're a nationally known individual, you can get a lottery-winning sized book deal! If you're an ex-president, or perhaps someone who simply had an affair with an ex-president, you can even be escorted right onto the A-List. I know of one major New York house that adopted an acquisition strategy that stated if a book couldn't generate 100,000 copies in sales, it was rejected. Therefore, if you're not already famous, then you have a problem or two.

The first problem you have has to do with the sheer availability of your book once it is released. If you happen to make it into a large publishing house, and aren't an A-List or B-List author already, you're likely to end up on the Mid-List. A typical print run for an unproven author is 5,000 copies or less. Now you know why. They want to see if you can make it to the top 2%. Unless a publisher had unusual confidence that a particular title was going to be a runaway hit, why would they tie up precious capital in inventory sitting in a warehouse on the hopes that someone might want it?

Likewise with a small to medium-sized publisher, an initial print run of 1,000 to 3,000 books might be all they can budget initially. For them, if the book shows promising sales results, then reprints may be in order.

There's one other popular publication option, and that's the advent of the Print-on-Demand (POD) only publishers, and those authors who have chosen to self-publish with a subsidy/vanity press. While POD technology technically eliminates any print run limitations, it is exceedingly rare for these type of publishers or self-published authors to devote much money to marketing and promotion. On the other hand, major publishers, as noted above, aren't known for investing much on their Mid-List titles either. Many feel that their distribution relationships are sufficient to get those first

3,000 to 5,000 into the bookstores and then it's simply a matter of waiting 30-90 days to see if anyone notices them. For the ones that do happen to get noticed and word of mouth stimulates some reasonable sales, then the experiment is deemed a success and reprints may be in order. For the POD/Self published crowd who are rarely stocked in any retail locations, they don't even have the opportunity for someone to "trip over" their book and find it. They have to do something else.

There's another dirty little secret you should be aware of, too. For both large and small publishers, while they hope every title they publish will be a hit, they are realistic enough to realize that most won't be. And that's okay if they work the math right. That is, if the average sales of a moderately successful book is indeed 2,000 books, there's still an opportunity to make money. If your publisher prints 3,000 copies of your book at say \$25.00 for a hardcover, which costs \$4.00 each to print, the publisher's investment in printing is \$12,000. If the books are sold wholesale at 50% off, or \$12.50 each, the publisher only has to sell less than 1,000 copies to break even. If 2,000 are sold, he makes around \$12,000, which is a profitable project. For a major house that releases ten or more of these a month, that represents six-figures a month in revenues, with the opportunity for some of them to breakout and sell more. It's all upside for the publisher. On the other hand, for the author, while selling 2,000 out of a 3,000 copy print run might earn a second contract for another Mid-List book, it isn't likely to warrant any reprints, and that title will soon be out-of-print and unavailable to the market for years, notwithstanding a later bestseller that resurrects prior titles.

So you see, for the vast majority of trade books, the Mid-List in particular, it is physically impossible to sell more than 5,000 copies because the publishers don't print any more than that for all the reasons we've just discussed—especially the one related to marketing and promotion dollars used to let the world know that your book even exists.

The punchline to this not-very-funny joke is simply this: If you're not already on the A- or B-List at some reputable publishing house demonstrating your top 2% or bestseller status, and are instead a new author with a new title, then something else *must happen* that neither a major publisher, a small to medium publisher, or even a POD publisher is going to do for you in order for you to sell 5,000 or more books.

## WHAT'S SO SPECIAL ABOUT 5,000?

That's a logical question. For a hardcover book earning the author \$2.00 in royalties per copy that only amounts to earning \$10,000, a number well below the poverty line. For a paperback book earning perhaps only \$1.00 or less—well, you can do the math. Hardly seems worth it for the author to only sell 5,000 copies. But, as noted above, it can be worth it to a publisher to only sell 2,000.

Add to all your calculations this wonderful fact: there are over 20,000 brick and mortar bookstores in the US alone. That doesn't take into account all the grocery stores, airport kiosks, wholesale clubs and other retailers selling books. So even a 5,000 copy print run can't reach 25% of the bookstores. And how many copies of your book will the ones that get your book get? One? Two? It would take a print run of at least 100,000 copies for each bookstore to only receive five copies. So let's take inventory here, just to see if you've been paying attention. If 5,000 books are printed, 75% or more stores won't even get one. If any stores order more than one, then even more won't get one. And who is going to "trip over" your book if a store has a whopping one or two copies of it in stock?

So you're probably still scratching your head and wondering what's so magical about the number 5,000? The answer is quite obvious. As arbitrary of a threshold as it might indeed be, selling more than 5,000 copies of a book distinguishes it in the top 2% of all books. It's the same arbitrary mystique that comes by making \$100,000 a year and realizing that you're now in the top 5% of all income earners. It says, none-too-subtly, "this is a winner."

For the publisher, selling 5,000 copies of a hardcover that cost \$4.00 to print, means turning a \$20,000 investment into \$62,500 in revenue, or a net operating profit of \$42,500. That's over a 100% Return on Investment (ROI). Like I said, you do that ten times a month and it starts to look really good on the old Profit & Loss statement. This achievement also opens new doors to the secondary/subsidiary rights markets, foreign language rights markets, everything. Everyone wants to invest in a proven "winner."

For the wholesalers and retailers it means something important, too. It means that this title is among the 24,000 (i.e. 2% of 1.2 million) titles sold that they probably should have in stock. At your average Barnes & Noble or Borders Books and Music that carries about 100,000 books in stock on a given day, doesn't it make sense that as many of those titles as possible be the top-selling ones?

Let's say, for example, that out of the 20,000+ bookstores out there that there are 5,000 of them that stock at least 24,000 titles. Which titles do you think they want to carry? The top 24,000, of course! So if 5,000 bookstores all order a couple of copies of your book—and for some strange reason, stocking at least three seems to be a common number—you just had 15,000 or more books ordered. Might your book become a little more visible now?

So even though those first 5,000 copies may not earn you your fortune or get you on any bestseller lists just yet, it is indeed a milestone threshold that doesn't go unnoticed and one you need to be intimately aware of. Thus, your first major goal in building and developing your audience (if not your entire writing career), if you're building it from scratch, is to sell 5,000 books.

## WHEN REALITY BITES

I know many of you reading this article (mostly the ones whose books haven't debuted yet) are thinking that 5,000 copies sounds like such a trivial number. I've had more than one of my own authors confidently proclaim that their goal was to sell at least 50,000 copies in their first year, and pledged to work tirelessly to make that happen. Imagine the disappointment these individuals feel when their sales results only achieve a thousand or two-thousand, or worse, if they only sell a few hundred. Sorry to break this to you, but even with a great deal of marketing and promotion and tireless effort, if the book-buying market just doesn't care for your work—and the buyers ultimately get the final vote—there is no guarantee for any book's success. Granted, some number of books can be sold by sheer force of marketing "noise" to stimulate or attract the curious, but in the end, if the book has no "legs" (genuine market appeal and momentum) those are typically losing propositions, where the marketing expenditures end up vastly exceeding the revenue. A book has to stand on the strength of its own merits.

But for the sake of our discussion, let's give you the benefit of the doubt that your book is decent and should be enjoyed by a large number of people—if they ever find out about it and decide to get their hands on a copy of it.

Okay, a few more numbers to digest. According to the National Endowment for the Arts (NEA), over the last twenty years, the percentage of adult readers (defined as those who read at least one book a year) has declined from 56.9% to 46.7%. The only silver lining to that dark cloud is that due to the overall population increasing in that time, the total number of readers has remained relatively the same, at around 96 million readers. And with over 170,000 new titles coming out each year, of which yours may ostensibly be one, you might be tempted to think that this would be more than enough folks to buy up all the books. Unfortunately, not so. That 96 million number drops pretty rapidly if you factor in things like the tens of millions who bought Dan Brown's *The Da Vinci Code* or the latest Harry Potter volume—and many of those may have been the one book that particular soul read that year.

In reality, there are far more books produced each year than the market can bear—which certainly serves to explain the greater than 50% return rate. Certainly no one reader could consume over 170,000 in a single year, which works out to around 465 a day!

Is it becoming even more clear why being in the top 2% is so important?

## GETTING INTO THE TOP TWO

So what does it take to get into the top 2% and sell 5,000 books or more. Well, first and foremost, it takes the availability of at least 5,000 books. That sort of goes without saying, but many authors never do the simple math of realizing that if only 3,000 books are printed, and no more are ever printed, you can't sell 5,000. So whether you are at a small, medium, or large publisher, you need to find out if your print run is at least 5,000 copies. If not, you not only have to ensure the sales of all of the books that do get printed, but stimulate backorders for enough to reach 5,000 or more.

Generating backorders is a tricky proposition in and of itself. It implies market stimulation whereby book-buyers are looking for your book, not finding it in stock, and asking for it, even if it has to be special ordered and is "on backorder" for an extended period of time. I hope you realize that this type of buyer is a real fan who really, really, really wants a copy of your book. Those type of buyers are not in plentiful supply. More likely than not, a person hears about a book of interest, seeks it out, and if they can't find it, or are told it's not available and on backorder, gives up and chooses something else. What's more, unless backorders reach a certain level, your publisher may not deem it worthwhile to pay for a second printing for a small amount—meaning the backorder level may have to be very large for them to make that decision.

Ironically, authors whose works are initially printed digitally via Print-on-Demand technology don't have print run limitations, backorder or out-of-print issues. They have other issues, but basically the same ones as the Mid-List author at the traditional publishing house with only a 5,000 copy or less print run—marketing and promotion—i.e. getting the market to know the book exists and persuade them to buy it. In the perfect world, logically, you'd find a publisher who would let you "pay your dues," defined as selling those first 5,000 copies via digital production, and then commission bulk offset print runs based on the demand created and doors opened by that achievement, as we've discussed. In reality, of those publishers who do employ both digital and offset printing methodologies, if they see a title sell 500 to 1,000 copies, for their unit cost's sakes, they are going to shift over to offset printed books to increase their margins. For those publishing houses who refuse to use digital



printing at all and only use offset printing, believing that they are achieving the best unit cost they can or simply avoiding the “stigma” of possibly being called a “POD-publisher,” they actually incur greater risk until a new title by a new author proves itself. For example, if a publisher prints 3,000 copies, and needs to sell 960 to break even, but only sells 500, he loses money. 500 books sold via POD can make money, from several hundred to several thousand dollars (if you know what you’re doing).

Now let’s be clear here. In mentioning the use of POD technology, we’re not talking about subsidy/vanity presses or self-publishing, but traditional trade publishers of any size who don’t charge authors any fees, but rather pay royalties on sales, have real editors and avenues of distribution, and legitimately seek to earn a profit from selling books, not from the desperation of wannabe authors.

So whether your publisher has printed at least 5,000 copies, or launches your book initially via digital production (with no limitations on quantity), and therefore, if availability isn’t your primary obstacle, then marketing is. As we said, even at the big houses, the Mid-List titles don’t get much help in this area. The big bucks go to the big names. At the smaller houses, they simply don’t have the multimillion dollars resources to sponsor massive campaigns. At some houses just making your book exist might be all you get from them. The bottom line of this situation is the same: if this is your situation, then your future success is up to you.

## THE LONG AND WINDING ROAD

The exception to the journey that lies ahead of you in paying your dues and selling those first 5,000 copies of your first book is what I like to call a “lottery winning event,” and I mention this only as an aside. These are rarely able to be manufactured, such as getting recommended in Oprah’s book club or having the President of the United States endorse your book. If something like that happens, then, obviously, a whole lot of people learn about your book and want to read it. You’d blow through the 5,000 in an instant and move onto big numbers. But in this discussion, we’re going to pretend that never happens and you have to do it in a different way. Short of experiencing a lottery-winning event people are going to find out about your book by one of three ways, by virtue of: 1) Money, 2) Working Hard, 3) Working Smart. The ideal situation is a mixture of the three.

### Money: Buying Exposure

The most common method most companies use to get the word out about their products and services is Advertising. It comes in all shapes and sizes, and can be a bottomless pit when it comes to putting money into it. If you have the means (serious money to spend), and consider it worth it to invest in getting those first 5,000 books sold, even if it means not generating a profit (spending more than you make), this avenue is open to you. It’s not that odd. Some brand new products are true “loss leaders” designed to penetrate a market and cultivate a customer base. For most authors, regardless of their means, they end up doing this whether they realize it or not—i.e. spending more than they make on their first book. If that happens, and it doesn’t put you in the poor house, it’s isn’t necessarily a bad thing. You just have to decide if you can afford to make that kind of an investment or not.

One of the best investments you can make on your first book, if you can, is in the book itself. This kills two birds with one stone. One of your primary objectives in launching your new title is to get people reading it and talking about it. An important sales metric you should be aware of is “Cost of

Sales” (COS), this is more than just the unit cost of the book, but also what you have to spend to get someone to buy it. If you can buy a \$25 book wholesale from your publisher for \$15, and buy 100 of them, you’ve invested \$1,500 just for the books. If you give those books away as samples and review copies, wisely, and spend another \$200 on postage and printing, plus another \$1,000 on a small advertising campaign, your total outlay is \$2,700. So those 100 books have now cost you \$27.00 each. If your royalty rate is \$2.00 a book, you’d have to sell 1,350 books to recoup your costs. However, if those 100 books going into circulation cause a word-of-mouth network that ends up selling 5,000 books, and all the good things that happen on the other side of that happen, then it might just be a very worthwhile expense.

Press Releases can help get exposure. But the kind of Press Releases that really get picked up on the wire services from unknown sources cost money, from a few hundred dollars to well over a thousand for a single release.

Print Ads, online or offline, cost money. PR firms that can get you booked on radio shows or television cost money. There are too many examples of how you can spend an Advertising dollar if you have that dollar to spend. The only important question in doing so is always, “Is it worth it?” A million dollar Super Bowl ad may get you a worldwide audience, but if a few million people don’t run out and buy your book because of it, it could be a really bad idea. The best advice, if you have money available to invest in the promotion of your book, is to carefully select a PR or marketing firm with a good track record in promoting books a lot like yours, professionals who can sit down with you and craft a promotional plan that makes sense and fits your budget. And even then, there is always risk. No marketing firm can guarantee that your advertising dollar will produce a fixed rate of return. As we said, the market itself always gets that vote.

## Working Hard

This item you should do regardless of how much formal advertising you do, because the working hard part usually doesn’t involve a lot of cash invested, but rather your time. Working hard is going to fall more into the realm of “guerilla marketing.” This is going to be you getting out there—a lot—to be the foremost salesperson for your book. This will involve book signings, trade events, doing mailings, making phone calls, and a whole lot more. Please get a copy of the article “An Author’s Marketing Plan” which goes into great strategic and tactical detail on many practical suggestions of what you can do.

But let’s take a moment to talk about book signings in particular. For an unknown author who gets a local bookstore to agree to let them come down and be an unpaid salesperson for a few hours in their store, from experience, selling ten or twenty books at a time in such an environment is not unusual. For the especially ambitious, I’ve seen authors sell hundred of books a month just by persistence in scheduling and holding book signings. This all adds up. And more importantly, it adds up on the computers of the bookstores. Those machines are watching all the time to see what’s hot and what’s not. Your book selling twenty copies in a single store just might be the top selling title in that store on that day. They notice that.

Incidentally, if you’re unfortunate enough to be with a publisher that wants to see if you can sell your first 2,000 or 3,000 or 5,000 copies within the first 30 – 90 days, and let’s say you don’t, but only sell 1,500 copies in the first 90 days. If that happens and if you do nothing about it, there is a strong possibility that your book will soon be remaindered and quickly out-of-print, with your rights held

prisoner for many years to follow. To avoid that, and assuming you have the means (even if you have to borrow the money), for that first print run, buy up every copy you can, and then either resell them or give them away as samples. You won't be the first author who discovered that little trick. In fact, several prominent A-List names you would instantly recognize shrewdly did that very thing on their first books, and it's what got them promoted to the top 2%, even if it was completely artificial! Now don't let your publisher know your doing that, if you do. And don't buy all the books at one store. The retailers have figured out this little ploy and watch for that. Just have all your friends and relatives all over the country (or the world) order them, even if you have to reimburse them all. Or go around to all the bookstores in your town and neighboring towns and get all they have a few at a time. Pay cash and tell them you loved it so much you're giving it out as a gift to all your friends.

The point is, if you have a bad sell-through on your first book, one of two things is likely to happen: 1) that book is dead and/or 2) your writing career may be over at that point. So depending on what you really believe the value of your book really is or the value of your writing career, long-term, factor that into your decision to ensure a good sell-through by virtue of money and hard work. Ideally, you need to find yourself a publisher who is more patient than judging the value of your work in only 90 days or less.

### Working Smart

This you should do no matter what. Working smart starts with education, like reading articles like this one, and every other one you can find, to educate you about how the business of publishing works, what to do, and what to avoid doing. Your ignorance *will* hurt you.

Let's recap: In this article you've learned that when seeking out a publisher you might want to find one who has print runs of at least 5,000 if they only use offset printing only, or have POD available for market introduction if they use that first, and are patient to leave titles in print for more than a brief period of time to give them a fair chance to find their audience and succeed. If you haven't done that, you may find the challenges that lie before you much more daunting.

Working smart also means leveraging the best tools and techniques. One of the greatest cultural, business, scientific, and social advents of the last century was the rise of the Internet and digital based technologies. Suddenly half a billion people all over the world can communicate without ever having to leave the house. Those publishers and authors who neglect to master the power of the Internet to promote your work do it at the peril of your competition doing so and getting that customer who could have been yours.

Use of the Internet has evolved far beyond simply sending out SPAM emails, trying to crash chat rooms, or buying banner ads on popular websites. There are many more tools available now, with new ones being created every day. What's great about them all is that they appeal to a whole new generation of buyers, granted the younger crowd, who have grown up with PC's, DVD players, iPods, video games, cell phones, and every new gadget that comes out. If you don't know about them, you need to start doing your homework and some serious research.

For example, if you don't know about them and participate in them already, you need to enter the "Blogsphere." You need to start your own Blog. In fact, you can create as many as you like—for free. Take a look at many sites such as [www.blogger.com](http://www.blogger.com).



The reason Blogs are important is that, unbeknownst to many people, the major search engines prioritize search term matches from Blogs before websites. And search engines are the primary means people find what they are looking for on the Internet, like a new book in an area of interest to them. To that end, you need to understand about Search Engine Optimization (SEO) which deals with keywords and terms that the bots and spiders from the search engines use to index everything on the Internet, prioritizing information by its frequency and volume. If this paragraph is Greek to you, talk to someone who understands it and educate yourself.

Learn about Pod-casting, too. Did you know you could be giving live or prerecorded talks or interviews with thousands of people all the time? For free? And this content can even be delivered wirelessly to people's cell phones, iPods or computers?

Get your content out on the web! Does your publisher post samples of your work on the Internet so people can get a taste of it before making a buying decision? Do you have your own website? If so, does that website contain MP3 files of you talking, perhaps reading passages of your book, or even full-motion video via a web-cam of you telling people about your book? Do you know what a Chat-terbot is, or have you ever used one? Do you frequent any of the multitude of writer's forums on the web with hundreds and some with even thousands of active members, where it's very easy to discuss the release of your new book? Do you know how easy and low cost all of these things are? If not, you need to. Remember, your initial goal is not to sell millions of copies of your book from your website. That would be nice, but how about just those first 5,000?

I know, for many, this article may feel like a sobering wet blanket thrown on your joy of finally being "in the game" after so much disappointment. The alternative was to keep this information from you and let you experience the even greater disappointment of being told your sales figures weren't that great on your first book, and therefore your publisher isn't going to reprint it and has decided to pass on their option for your next book. Guess where that leaves you? Back to square one, looking for a new publisher, with a different book (because even though your first book is practically dead, you likely won't be able to get the rights back on it for a long time), but the next time, if there ever is a next time, with a less-than-laudatory sales history that other publishers have access to via online sales information, which can influence their decision to take a chance on you.

So what are you going to do about hitting that magic 5,000 and getting into the top 2%? Invest? Work hard? Work smart? I hope so.

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## ABOUT THE AUTHOR

Robert Gelinis is the founder, Publisher and Editor-In-Chief of ArcheBooks Publishing Incorporated, ([www.archebooks.com](http://www.archebooks.com)), as well as the author of many novels. He is a frequent public speaker and teaches and lectures on writing and publishing. He is also on the Board of Directors of the Florida Writers Association.

For more articles and by Mr. Gelinis, please visit [www.archebooks.com/AuthCor/AuthCorn.htm](http://www.archebooks.com/AuthCor/AuthCorn.htm) for ArcheBooks' "Author's Corner" of writer's resources.