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Giants and behemoths



JACK KAPICA

By JACK KAPICA
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Some months ago I wrote a column wondering why the Internet, which was supposed to foster competitiveness, is being dominated by behemoths with few or no competitors - Amazon, eBay and Google, for example.

This prompted a protest from a used-book shop based in Victoria, saying that they too were competing on-line with Amazon, and holding their own, thank you.

Well, that depends on how you look at it.

The Victoria book operation, Abebooks (<http://www.abebooks.com>), may appear small only if you look at one part of it. But when you include all its components, it's . . . really huge.

Abebooks lists no fewer than 42 million books for sale; it sells about 10,000 to 15,000 every day of the year and adds as many as 30,000 new entries daily to a data base Oracle Corp. says is one of the three largest in the world. Its annual growth rate is 50 per cent, rising by \$75-million to \$100-million a year.

The one thing Abebooks won't reveal is its annual sales, because it is, well, a small

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employee-owned business, and it guards those figures closely. We can only guess.

If Abebooks is indeed a giant, it is also something less than a behemoth. It is in fact a global collective of 10,000 sellers of used and rare books; many of them do not even have storefronts, and operate out of living rooms or apartments.

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Such is the nature of the used-book business. It's also the key to Abebooks' success, and perhaps it reveals one secret of doing business on the Internet.

Ordering used or rare books before the Internet age meant bookshop owners had to riff through those circulars (such as the now-defunct AB Bookman's Weekly) if they didn't have the customer's request on their shelves. Once the bookseller found the requested book at another seller, it was a matter of snail mail (or telephone or, later, fax) to order a copy for the customer.

Years ago I was putting together the entire hardbound set of Mazo de la Roche's *Jalna* novels with the help of a kindly man who I only knew as Mr. Hoffmann, who ran the Mansfield Bookshop in Montreal. Now both gone. He found some of the titles in used-book stores in Texas, and sold them to me for their base price (less than \$8 as I recall) plus shipping.

Getting a used or rare book was an art form, and Mr. Hoffmann was a virtuoso. But the system begged for a little science.

That's where Cathy Waters, owner of Timeless Books, a used-book shop in Victoria, and her husband Keith come in. In 1995, Keith, a Web site developer for the British Columbia government, amused himself during a boring meeting by recalling an incident in which his wife published a request for a novel by D.H. Lawrence, but forgot to include the title. The shop had been flooded with thousands of responses.

It was then Keith realized the entire business was based on the used-book circular, which was in essence a catalogue, and it would be a simple matter of tossing that catalogue into a data base. He and a colleague, Rick Pura, a data base administrator, created one as an exercise in managing records.

The result was a software package called Homebase, and the Advanced Book Exchange started in 1996 with four bookstores. Eight years later, there are more than 10,000.

All of it was done by word of mouth, and without a penny of venture capital.

But the Abebooks model is not a retail story. Like most of the products sold on eBay, each used book is unique -- its condition, publication date or age, as well as the demand, determining the price. A paperback copy of *The Great Gatsby*, for instance, may go for \$10; a signed first-edition copy, however, has been sold on Abebooks for about \$100,000. The other day, an unsigned 1925 first-edition of *Gatsby* was going for \$65,930.

The uniqueness of the products makes the business clubby, and sellers flock to a Homebase chat room Keith Waters created for members. Used-book people see each other as colleagues, not competitors, and are eager to share information and resources. Many, being hobby businesses, are too small to afford taking credit-card orders; collecting credit-card sales is one of the services Abebooks offers.

Abebooks' business model is also unique. Each bookseller pays a progressive monthly membership fee for listings in Homebase (starting at \$25 [U.S.] for 300 books or less, to \$300 for sellers with 150,000 books or more). Last year, Abebooks started collecting a "conservative fee" of 5 per cent for every transaction.

Still, a little bit from a lot of people can add up. The sum can make anyone giddy, though it must be remembered that the largest part of each sale goes back to the member seller.

The fees have been enough to allow Abebooks to hire 90 employees, who now run four Web sites -- in Britain, Germany, France and Victoria -- and also a service called Abelibrary, where libraries go to buy rare books or put together special collections.

All sites list the same books, but in varying languages and currencies.

In March, Abebooks chartered a bus to travel to five European countries to promote reading as well as its list of books, and to raise money for charities in literacy campaigns. The company has partnered with other behemoths -- Amazon, Barnes & Nobel, eBay and Half.com now carry Abebooks listings.

All this has made Abebooks a giant. Are there any lessons to derive from it?

Perhaps the most intriguing one is that Abebooks is not a single-minded retailer looking to squash competition, like Amazon, but a co-operative venture, along the lines of eBay.

Is it possible that co-operation trumps competition in cyberspace?

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