



Beyond the Book®



Netflix for Books? Interview with Eric Ginsberg, VP, Marketing, Bookswim.com

For release Friday, December 18, 2009

ANNOUNCER: Welcome to a podcast of *Beyond the Book*, a presentation of the not-for-profit Copyright Clearance Center. Copyright Clearance Center is the world's largest provider of copyright-compliant solutions through a wide range of innovative licensing services and comprehensive educational programs for authors, publishers and their audiences in academia, business and research institutions. For more information about *Beyond the Book* and Copyright Clearance Center, please go to www.beyondthebook.com.

KENNEALLY: We're going to jump into the deep end here into a pool that's called the rental book market with BookSwim and we have on the line today for *Beyond the Book* Eric Ginsberg, who's the vice president of marketing with BookSwim. Eric, welcome to *Beyond the Book*.

GINSBERG: Hi, Chris. Thanks so much for inviting me.

KENNEALLY: It's a pleasure to have you join us today, Eric, because what BookSwim is about is a very intriguing take on selling book rental and we want to learn more about it. We'll first tell people in the audience a bit about you. Your favorite book is one of my favorites, too, *The Hitchhiker's Guide to the Galaxy*. It says online here you've read that cover to cover three times.

GINSBERG: I have, I have. I'm actually a few chapters away from the fourth time. I'm reading it to my son now, though.

KENNEALLY: That's terrific. He'll learn a lot and of course, he'll remember the two rules of the road when it comes to the *Guide to the Galaxy*, right? Don't panic and always bring a towel.

GINSBERG: Always bring a towel.

KENNEALLY: Absolutely. Eric Ginsberg is a musician and songwriter, but also a math education major, and you became involved with BookSwim exactly when?

GINSBERG: I became involved with BookSwim – I had been working for the largest independent library system in my home state of New Jersey and I was in charge of kind of getting the word out in that area about all the great things that the library had to offer, which was well beyond just books. People tend to think of a library as a place for books, but libraries are terrific for events and meeting places, they have all kinds of activities, there are really terrific things all the way across the board.

And right around that time, BookSwim was a fledgling company and they were looking for somebody with my expertise and who specifically had some library experience, because BookSwim is – by all accounts, it is an online rental library that you actually pay to use. Now, you would say, well, I can go to the library for free. Why would I want to pay to use BookSwim?

If you go to the library, you're going to find a very wide selection of DVDs, but there is still Netflix out there and they're still doing very big business because people like the idea of the convenience of being able to order things in your home, of being able to add things into a queue or a pool, as we call it over on BookSwim, and having those things come to you and being able to hold onto them with no due dates and no late fees.

So I made the very easy transition from the library world over to BookSwim, and George Burke, one of the two co-founders and I had gone back to some mutual friends in high school and he's a musician himself, so he and I had played music together prior to that point, so we already knew each other and it was a very good fit for both of us.

KENNEALLY: And this, in a way, as you say, is a take on the whole notion of lending and paid libraries. Well, they're not uncommon. Here in Boston, we have a grand one called the Boston Athenaeum and there are members for that library, and what they get from that are special services. And likewise, people who subscribe to BookSwim are getting some special services. Why don't we talk about that?

GINSBERG: All right. One thing that's really great about BookSwim is that we guarantee best sellers to be in stock. Libraries unfortunately have a limited amount of funding and they can only buy so many copies of a new book when it comes out, so they have this thing called waiting lists. So when the new Patterson book comes out or the new Jovanovich book comes out, you want to read it, but the library has two or three copies and 100 people want it, so you're on a waiting list for weeks, sometimes even months, in order to get a chance to read that book.

BookSwim just buys more. And that's one of the great things about being in our industry is that because there's some money coming in, then there can be money going out as well. BookSwim just buys as many copies as our members need as our members need it because we are a buy-on-demand service, so by that account, there are a lot of books in our catalogue that we own zero copies of because nobody had ever wanted it, but the day that they want to get it, we're going to buy it.

KENNEALLY: Let's talk some numbers then. Can you tell me how many books you have in the catalogue, what the fees are and what the success has been to date?

GINSBERG: BookSwim starts as low as \$9.95 and that's – we need to (inaudible) people trying to live on a budget that the average best seller costs well over \$20. In fact, the new Dan Brown book, the author of *The Da Vinci Code*, his new book retails for about \$30 and it's not available in paperback yet. So you can rent it for \$9.95. It kind of seems like a no-brainer, because you're saving 20 bucks. That's where the pricing starts.

KENNEALLY: And that \$9.95 gets you how many rentals a month?

GINSBERG: The \$9.95 starts you off with one. You can always upgrade to higher plans to get three, five, even more books per month.

KENNEALLY: I see. So as you say, if you're thinking about that \$30 best seller, for \$10, you can have the best seller at least for as long as it takes you to read it and then you've got 20 bucks still in your pocket.

GINSBERG: Absolutely.

KENNEALLY: How many books do you have right now, Eric, just to give us an idea?

GINSBERG: BookSwim has thousands of titles and our catalogue is constantly growing. We add dozens of titles a day. In fact, a lot of the books that we add are due to member demand, so if members go to our catalogue and they want a book and it's not in our catalogue, they can click a button which does a more extensive search. It searches a lot of our different vendors and if they have it, then someone can just click the Add to the Catalogue button, and based on member demand, we do add books to the catalogue. That way, people can get what they want.

KENNEALLY: Do you have a sense of who your members are? What kind of person is joining BookSwim and maybe you can tell us about the kinds of books they read. Are they reading best sellers or does it get more esoteric than that?

GINSBERG: BookSwim members pretty much parallel readers in American, which is about 60-40 women-men. A larger percentage of our members are women who are roughly 25 to 39, but that said, we have plenty of men. We have plenty of women younger than that, men younger than that. We have plenty of people who are in their 40s and 50s and 60s and 70s. In fact, we even have members in their 90s who are Web-savvy or have somebody managing the account for them, which is a terrific aspect of BookSwim is that you can give it to a loved one who is not as computer-savvy and just manage it for them. It really runs the gamut.

As far as what they're renting, our top-rented books in a given week typically comes pretty close to mirroring the *New York Times* Best Seller list. In fact, we do even provide a number of different best seller lists. People just kind of browse through Oprah's Book

Club, *The Today Show*, so they can look through whatever book club they're reading or they can look through just whatever list. If they kind of like that kind of book, they can see what's hot. We provide it right there for them.

KENNEALLY: They can try out the hot book of the month, and if they like it, well, they get to do the whole thing. If they're not so crazy about it, they just send it back to you.

GINSBERG: That's absolutely one of the great things about renting over buying is that when you buy a book, you're kind of stuck with it and you get a few pages in or a few chapters in, it just kind of sinks. And when you can just return it whenever you're done with it, that's a really liberating thing for people.

KENNEALLY: Well, the reason we're talking to you here today on *Beyond the Book* – and we've got Eric Ginsberg from BookSwim on the line. He's the VP of marketing there. What we care about at *Beyond the Book* is to try to stay on top of the book publishing industry and understand as much as we can about the direction it's going in. One of the big stories of the year for 2009, of course, is the e-book market, and that \$9.95 or \$9.99 number is familiar to us because that's how much an e-book costs on Kindle.

Is there for you some benefit to the book publishing industry, which is in a way resisting the Kindle and resisting the e-book, to offer this kind of rental service right now?

GINSBERG: I think that with the e-books, the industry is still trying to figure out exactly what they're going to do about it and some companies have already decided what they're going to do, which is to relegate e-books to the world of paperback, which means we're only going to put it out in hardcover first, let that have a good run for months or years before we even consider putting it out in e-book. And that is happening and it's really disappointing a lot of people who just sunk \$259 into a Kindle or a Nook or a Sony E-Reader or what have you.

With BookSwim, people really have the opportunity to get the book as soon as it comes out and that's what people want. People want to be able to have the book now and I think that e-readers and e-books are definitely a growing portion of the market and make no mistake, they are here to stay, but I think that there's still a good deal of skepticism on the part of the consumer and there's still a good deal – even among the companies making these things, they're still trying to figure out the whole thing.

Barnes and Nobel didn't make enough Nooks this year so they're spending all this money on advertizing the Nook only to have people decide, OK, I really, really want one and then find out they can't get one until January or February so they turn around and buy a Kindle because they already set their mind to buying an e-book.

So it's really an interesting time to kind of watch how the e-book market is shaping as everybody's trying to get into it. Justin Timberlake I saw in the Sony E-Reader commercial. It was hilarious, but that's definitely a sign of the times. And how the market is going to shape up is yet to be seen.

KENNEALLY: What I hear you saying in that is that maybe for a consumer who isn't sure how they want to get into the e-book pool, maybe the thing to do is to jump in with BookSwim in the meantime because they're getting the benefits of that lower price model, but they're not having to invest in a device that may or may not be with us in a year's time or two.

GINSBURG: Absolutely. I think that people who are spending money on a Kindle or a Nook or an E-Reader by Sony to try to save money are kind of making a mistake in that if the book costs \$10, the e-book, which you and I both know that's the announced price, but there are plenty of e-books that are selling for \$17.99 and plenty that are selling for less than \$9.99. But let's imagine just \$9.99 for a moment, call it \$10, and let's call the \$259 \$260. It's going to take you over 20 e-book purchases if, if, if those are the new books that you actually want, before you actually break even on the initial purchase of the device.

So people who are really looking to save money, you've got to be prepared to read 20 best sellers in the first year to really make your money back, because otherwise, if you're buying all paperbacks that you can buy in the store for \$12.99 and you're spending \$10, that's no great savings. And at \$3 savings per book, it's going to take you a really long time to make up that \$260 that you invested in the first place.

KENNEALLY: Right. And what you're doing though, is what of course Kindle's doing and lots of others are doing, is that you're still leveraging the power of the online world to help people facilitate this whole process. You're still kind of dependent on the U.S. postal system, though.

GINSBURG: We use a great hybrid between the U.S. postal system and UPS and the books get to you amazingly quickly. There was a time in our history when we were just using the USPS before we integrated with UPS, and I'll be honest. There was a time that it was dreary and we had a lot of members who left or who put their accounts on hold because they just couldn't stand the wait. But once we implemented the faster shipping, we honestly, in our office, were completely impressed by how quickly the books were getting all over the country.

In fact, we even have books that go out to APO addresses all over the world. It's been very gratifying for us to see how quickly people get it.

Now, you're absolutely right that with the Kindle, you want the book now and you press a button and 60 seconds later, you have the book. I know. You're right. I agree. But for \$260, forgive me. I would rather save the money and wait a day for the book. But that's just me.

KENNEALLY: And what I heard you say there about APO addresses – of course, those are the military addresses – and I'm thinking for somebody in the military who might be stationed at a place where there isn't a Barnes and Nobel – and we can think of a few

countries where the military is where there probably aren't any Barnes and Nobels – this is a terrific way to stay current with their reading and to have something to do to pass the time, which of course is something that soldiers really have to do a lot of. So it sounds neat in that way.

Let me finally ask you about something which you've given a name to that I found interesting. You're trying to help the industry, the publishing industry, understand better this new emerging consumer, a transumer, somebody who's been trained by online companies like Netflix to think differently about how they acquire their entertainment content. Tell me about that.

GINSBURG: I certainly can't take credit for the term. However, what I'll tell you is that a transumer is somebody that's interested in the temporary enjoyment of something rather than the permanent ownership of it. They want it now, they want to use it now and they want to have it out of their hair when they're finished with it, be it a book, a movie, a video game, a car, a handbag, a designer dress, a guitar, baby toys, anything.

This is definitely a growing market throughout our country as people are turning to renting so that they can both live on a budget but not give up their lifestyle.

KENNEALLY: It's funny you say that because there was an article just recently that I read that said that women are now wearing designer dresses that they rented. So there are people who just want to look good some night. They don't want to spend – I don't know. You could spend a thousand dollars on some of those fancy dresses.

GINSBURG: Easily, easily.

KENNEALLY: And they're getting the dress for that night and sending it back, which is what –

GINSBURG: Yes. You can go to renttherunway.com and they will rent you designer dresses for as little \$50, so instead of losing the money for a dress you're only going to wear once or instead of kind of surreptitiously tucking the tags in and returning it the next day, you can rent it and it comes with a full kit full of tape and wipes and everything that a woman needs to look great and really wow at a party.

KENNEALLY: But with BookSwim of course, the book industry should be wondering, gee whiz, I sell them one and then people rent it 100 times. But you encourage people who find a book really great and want to keep it to be able to keep it.

GINSBURG: You're absolutely right, and that's one of the great things about BookSwim is that should you decide that you want to keep the book that you're currently renting – this book is just so good I could never let it go, I want it on my shelf forever – you just click a button on your dashboard and you've now purchased the book for the member's purchase price and it's significantly less expensive. And two-thirds of all the books that we send out are brand new in the first place, so you're going to be getting a great deal on it should you choose to hang on to any given book.

So again, it goes back to the idea that you said before about people not being stuck with a book, but the other side of that coin is that should you actually want to keep it, it didn't take you as much money as if you would have gone to the store and bought it in the first place.

KENNEALLY: Listen, it's a very interesting model, one that we're going to watch closely because what we do know about the book industry right now, Eric, is that it's changing very fast and people are trying all sorts of things to satisfy consumer demand and to help the business continue to grow.

We have been chatting with the vice president of marketing for something called BookSwim, bookswim.com, Eric Ginsberg. Eric, it's been fun chatting with you.

GINSBERG: Chris, thanks so much for having me.

KENNEALLY: It's been a pleasure. And this is Chris Kenneally for Copyright Clearance Center and *Beyond the Book* thanking you for listening.

ANNOUNCER: *Beyond the Book* is an educational presentation of the not-for-profit Copyright Clearance Center with conferences and seminars featuring leading authors and editors, publishing analysts and information technology specialists. *Beyond the Book* is the premier source for knowledge on the latest business issues facing today's dynamic publishing industry from initial research to final publication and beyond.

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