

In 1999 Collins opened the first Australian superstore, on Broadway in Sydney, occupying more than 2000 square metres and carrying some 90 000 titles. Borders opened a store six months later in Melbourne's fashionable Chapel Street and continued opening bookshops in existing shopping centres, thereby providing considerable competition to Collins, Angus & Robertson and Dymocks.

The company's involvement in book industry affairs provided leadership in the Australian Booksellers Association, the International Booksellers Federation, the National Book Council and UNESCO. In the year 2000 – just before my retirement from the company – Collins was recognised by *Business Review Weekly* as one of the top 500 private companies in Australia.

[In 2005 a financial crisis led to the sell-off or closure of company-owned stores, leaving a 'federation' of franchise stores.]

Case-study: Gordon & Gotch

DENIS CRYLE

Wartime shortages of paper and labour had forced publishers to reduce formats, but postwar affluence and education laid the basis for the expansion of Australia's book industry. As an established distributor of books, magazines and paper, Gordon & Gotch was able to benefit from the expansion of local titles. Its prime focus remained with imported British and increasingly Australian cultural goods, including relatively expensive reference and educational books (including dictionaries and encyclopedias) which were heavily marketed and widely acquired by Australian households. With a warehouse network in all Australian states and across New Zealand, Gordon & Gotch successfully resumed its traditional pre-eminence as a magazine distributor, complemented by its book and stationery outlets which were strategically located in capital cities.

After a century of operations, Gordon & Gotch in 1953 celebrated its ongoing success with a commemorative publication honouring its founders and confirming its postwar growth. At this time, the company boasted capital reserves of £650 000 and paid dividends of 20 per cent. Its distribution networks extended beyond metropolitan libraries, railway bookstalls and retailers to include more distant outlets like the newsagencies and

general stores of regional and rural Australia, using various combinations of sea, rail and road transport. In comprehensively addressing problems of distance which beset the burgeoning Australian book industry, it had some cause for self-congratulation. Nevertheless, along with other distributors, it remained vulnerable to disruption by transport strikes, notably in the immediate postwar years but also in the late 1970s and 1980s when economic and industrial uncertainty returned.

The firm's commemorative volume stressed its hard-won reputation for delivering to all points on the continent, an ethos compounded by its willingness to devise emergency transport procedures. During a 1951 rail strike, for example, Gordon & Gotch arranged for 'leading Agents in each town to take delivery of their supplies at an arranged rendezvous outside the picket lines'. Such an extensive distribution system, however, was prohibitively costly for small Australian publishers, most of whom were unable to afford either their own distribution or Gordon & Gotch's. Glenda Korporaal has estimated that distribution costs continue to make up '50 to 70 per cent of the retail price of a book in Australia', and that, of this figure, up to 50 per cent remains with the distributor.

The role of Gordon & Gotch in sustaining the dominance of British publishing to the detriment of locally written and produced books was of special concern during the upsurge of cultural nationalism in the late 1960s and 1970s. By this time, Australian books made up 40 per cent of retail turnover. While the local industry had some success in attracting increased Literature Board support and in dismantling the Traditional Market Agreement, distribution problems continued. The newly formed Australian Independent Publishers Association (AIPA) took up the cause on behalf of smaller presses, advocating the establishment of an Australian-owned and government-supported cooperative. However, a series of agencies and experiments during the 1970s proved commercially unviable, and in 1984 Michael Denholm renewed calls for government intervention and for an investigation into the feasibility of using government bookshops to assist small Australian publishers.

In spite of the perennial problems experienced by Australian distributors, Gordon & Gotch was well placed to consolidate and expand during the 1970s and 1980s, not least because of its extensive magazine business, its non-traditional outlets for mass paperbacks, and because of the

rationalisation of the book industry itself. In 1977 Gordon & Gotch's Australian operations returned a pre-tax profit of \$4 million. Within the book industry, it undertook a series of initiatives, purchasing the retailing operations of Angus & Robertson in January 1979 and then securing the rights to distribute for Rigby in Australasia. By 1983 Gordon & Gotch controlled almost a hundred Angus & Robertson outlets, some of which had begun to specialise in games and videos. At the same time Gordon & Gotch diversified into newspapers (Queensland Press Ltd) and television (Associated Broadcasting Services), acquiring a 10 per cent interest in the funding of the popular miniseries based on Nancy Cato's novel *All the Rivers Run*. In other respects, its economic performance appeared mixed. It acquired a 20 per cent interest in the UK Gordon & Gotch before being bought out by the Herald and Weekly Times group. Although its financial return from books increased by 25 per cent in the mid-1980s, due largely to the acquisition of Angus & Robertson, Gordon & Gotch's paper and stationery divisions were losing money and this traditional arm of the company was shut down.

Increasingly, Gordon & Gotch's distribution and book retailing networks made it attractive for takeover, as the relentless integration of book and publishing industries gave rise to international conglomerates by the late 1980s. Even with the burgeoning Angus & Robertson network, book distribution and retailing constituted only a fraction of annual turnover compared with magazine distribution. Consequently, its relationship with large magazine publishers like Packer's Australian Consolidated Press (ACP) remained critical, if somewhat uneasy. In 1982, for example, Packer threatened to divert ACP's longstanding arrangements with Gordon & Gotch to Murray Publishers, its in-house distributor. In the event, Gordon & Gotch was able to retain most of the ACP titles and offset potential losses through expanded book revenue.

If Gordon & Gotch's proximity to the Herald and Weekly Times group posed problems for customers who were the Herald group's media rivals, the spectacular takeover of Herald and Weekly Times by Murdoch's News Corporation in 1987, coupled with Murdoch's acquisition of British and American publishers, precipitated a massive shake-up of the industry. By the end of the decade Gordon & Gotch, along with Angus & Robertson, was absorbed into a truly global publishing giant.

After the initial 1987 takeover by News Corporation, Angus & Robertson fared better than Gordon & Gotch during the next round of changes. Although Gordon & Gotch retained distribution rights to magazines and books, including those of rival UK publisher Reed Books and a range of smaller Australian publishers, the trend internationally was towards in-house book distribution, to the disadvantage of wholesalers.

After Murdoch's HarperCollins conglomerate was created in January 1989, News Corporation's debt levels soared. In the ensuing sell-off of newly acquired assets, HarperCollins proposed to dispose of \$500 million in Australia, including Gordon & Gotch, Bay Books and Golden Press. In the event, the newly formed Australian HarperCollins division set up its own international distribution network, retaining Angus & Robertson along with Golden Press as a national distributor at the expense of Gordon & Gotch. In 1990 Gordon & Gotch's magazine distribution business was sold to Independent Newspapers Limited (INL), further fragmenting its traditional operations in the process. A New Zealand company 49 per cent owned by News Corporation, INL purchased Gordon & Gotch for \$82 million, but a decade of declining profitability followed. In 1999 Gordon & Gotch was further dismembered when INL sold off its Australian operations to another former News company PMP (Pacific Magazines and Printing) for \$20 million, retaining only its New Zealand operations.

Under PMP, Gordon & Gotch's fortunes continued to ebb. In 2001 it recorded losses of up to \$15 million, creating problems for PMP in a proposed venture with Kerry Stokes' Seven Network, aimed at maximising cross-media promotional opportunities. With the Australian book industry facing uncertainty in the wake of the GST and the 2000 Olympics slump in trading, Gordon & Gotch underwent yet another restructure in September 2001 when its Brisbane, Adelaide and Perth warehouses were closed, with staff losses of 120. Although it retained a ten-year magazine contract for a joint venture company, Pacific Publications, Gordon & Gotch's fortunes had clearly waned. Despite a significant contribution in the immediate postwar decades, Gordon & Gotch, itself an international operator for 150 years, had paradoxically declined at the whim of new international markets.

NOTE ON SOURCES

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Case-study: Bookworld - Where You Never Pay Full Price

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Bookworld really began when a menswear store closed in K-Mart Plaza, Toowoomba, where I had owned three newsagencies, the last with a Toyworld incorporated in it. A hot-bread shop in the centre had closed and become a small, temporary discount bookshop run by Bevan King, who erected large signs advertising 10 to 70 per cent off all books. I was livid, so I went to Gordon & Gotch and William Collins and bought their returns to sell at half price in my newsagency. Eventually I secured a lease on the former bread shop and moved my Toyworld into it. This allowed me to stock more books in my newsagency. Bookworld was established in 1980 when the menswear store closed and all the books were moved out of the newsagency.

I had already discovered the importance of advertising, having produced three Toyworld colour catalogues a year. The surge of business when these were letterbox-dropped was tremendous. I had also noticed how much sales of newspapers and magazines increased when a television campaign was on. So, even at this early stage, advertising was at the forefront of my thinking. In the toyshop, swing sets were advertised cheap in the middle of winter at half-price and sold out, so I realised that books which had been overlooked in their first releases could be given another chance to sell too. Advertising on television in Toowoomba was also cheap at the time, so all three stores were featured in television advertisements.