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## CASE STUDY: NIELSEN BOOKNET – E-TRADING FOR BOOKSHOPS

### Abstract

*Nielsen BookNet is a provider of e-business services to the book trade globally and is the market leader in the UK. The company supplies order routing and EDI services through its own, and other, Value Added Networks (VANs) as well as providing protocol translation and integration services.*

*Nielsen BookNet is currently working with a number of system suppliers to develop integrated EDI solutions. For those publishers unable or unwilling to invest in IT, Nielsen BookNet also provides web services for both bookshops and publishers, enabling them to join the electronic supply chain without having to make investment in new systems.*

Case Characteristics	
Full name of the company	Nielsen BookNet is part of Nielsen BookData (a VNU company)
Location	Woking, Surrey, UK
Sector	e-commerce and data supplied to the book trade
Year of foundation	2002
No. of employees	100
Turnover in last financial year	3 million £ (BookNet)
Primary customers	Publisher, Distributors, Booksellers and Libraries
Most significant market	UK and International
URL of company	<a href="http://www.nielsenbooknet.co.uk">www.nielsenbooknet.co.uk</a>
E-Business Focus	
TeleOrder routing service, EDI integration service	ä ä ä
FTP services	ä ä
Order tracking and other web services	ä
ä = in implementation stage; ä ä = used in day-to-day business; ä ä ä = critical business function	

### Background and objectives

Nielsen BookData was formed in July 2002 following the merger of Whitaker Information Services, first Edition and Book Data. The three companies have served

the book industry for more than 140 years. Following the merger, Nielsen BookNet was formed to combine the electronic trading services of Whitaker and first Edition. The company is now a leading provider of electronic trading services to the UK and international book markets.

Nielsen's trading partners include leading distributors, booksellers, and wholesalers in the UK. Nielsen also has a strong user base in the public library sector. Further, Nielsen specializes in supplying electronic trading services to international partners who include many leading European booksellers.

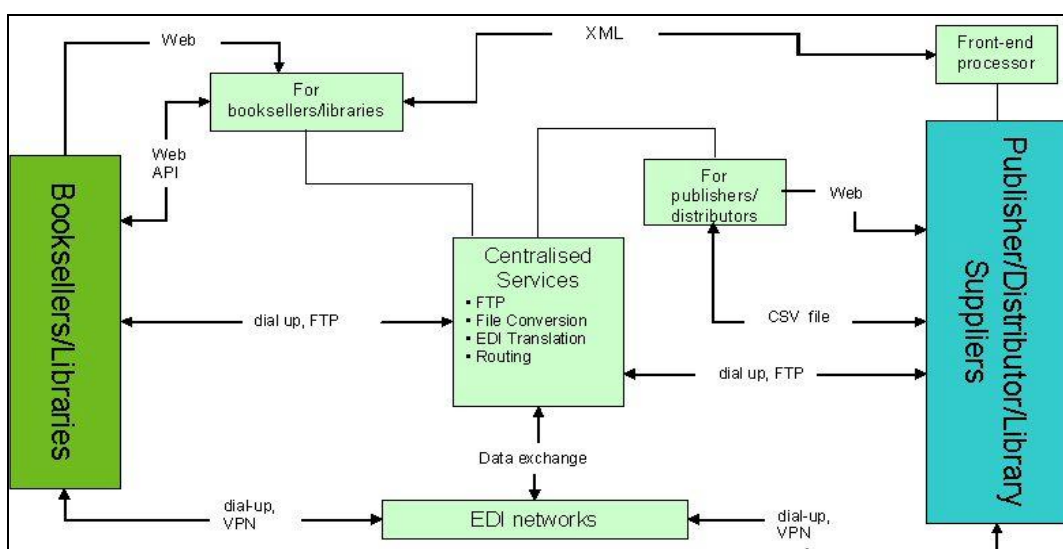
The UK book industry has been relatively slow to recognize the benefits of electronic trade. Apart from the major publishers, bookshops and distributors there has been little progress in the development of electronic trading for many years. Outside of the major players there has been little penetration by IT into the supply chain process which remains largely manual and error-prone.

This picture is beginning to change due mainly to the efforts of major retailers like Waterstone's and W H Smith. Waterstone's has declared its intention to remove paper from the supply chain by insisting on full EDI trading with its suppliers. Those wishing to trade directly are being further incentivised by the introduction of charges for paper invoice processing. W H Smith's on the other hand has simply pushed the majority of its smaller suppliers through wholesalers.

There is also significant growth in international e-trade with new trading partners in the USA, Belgium, Spain, Scandinavia and Germany having recently joined the Nielsen BookNet community. The challenges here are in ensuring that clients at each end of the supply chain send and receive data in a form they can understand. Historically, the UK has used TRADACOM as its preferred format whilst the rest of Europe uses EDIFACT. The USA tends to rely on ANSI X12 as its preferred protocol. As shown in the exhibit below, Nielsen provides a simple mailbox-based EDI network, supported by file and protocol translation services, that enables all of these disparate groups to trade.

Nielsen's unique selling proposition to the market is that it can connect anyone in the book trade to the electronic supply chain. The various means by which this can be achieved are illustrated by the following exhibit:

Exhibit: Supply chain map of Nielsen BookNet



Users of services include:

- Booksellers – Ottakar's, Waterstone's, Blackwell's, Books Etc., Borders and others.
- Publishers and distributors – Macmillan Distribution (MDL), Oxford University Press, Random House (TBS), Littlehampton Book Services, McGraw Hill etc.
- Wholesalers – Bertram Books, Gardners, THE etc.

There is general acceptance among the major players of the benefits that electronic trading can bring. The real challenge facing the industry today is to bring those benefits to a wider market.

### E-Business activity

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Nielsen BookNet services in the UK and international book market include the following:

**Order routing:** A unique service for bookshops that allows them to identify and order titles without needing to know who distributes the item. Orders are sent electronically to the Nielsen BookNet network where they are unpacked electronically, the supplier identified and the order onward shipped either electronically (as an EDI order or in native TeleOrdering format) or via fax or mail.

**BookNet Web for Booksellers:** By using this web interface booksellers gain access to richer functionality. They are able to track the progress of their orders, receive acknowledgements from their suppliers and in some cases receive up-to-the-minute information on price and availability. Using the web service enables booksellers to search for titles online before placing their orders on Nielsen's database. Those with more sophisticated EPOS systems (like Blackwell's) can also link directly to the database through an API.

**BookNet Web for Publisher/Distributors:** is available at two levels. For the very smallest, Nielsen offers a level which allows them to collect all their orders electronically. It is not a solution for those wishing to trade with Waterstone's for example, since it does not allow them to return information in EDI format. For those with this capability offers a higher level of product, the only web based solution offering the full range of electronic message capabilities required by the major retail chains.

This is a completely stand-alone web-based solution to electronic trading using standard EDI messages. Although not offering integration with the back office it nonetheless enables the smaller publishers to trade on the same terms and in the same way as their larger cousins. In short it levels the playing field.

**Full EDI integration services:** Nielsen BookNet works with system suppliers to develop the EDI capabilities of accounting systems in use in a wide range of publishers, distributors, libraries and bookshops. Systems output flat files of data from locally held data which are translated into EDI by Nielsen BookNet provided software and passed over a network (by FTP or dial-up – or through a VPN) where it is routed to another mailbox (possibly on another network) for collection. Data sent through the network is also used to supplement the web products, e.g. by updating the status of orders. The most sophisticated of these implementations also allows the bookshop to interrogate the real-time data held by their distributors to discover price and availability information and optionally place their orders directly into the suppliers' database.

BookNet Web services thus allow to access the following functionalities:

- Online order collection
- Information can be used to generate electronic documentation
- View, print and export orders

- Improves client satisfaction by accelerating supply times
- Reduces time spent dealing with customer queries
- Uses well established business standards
- Global trading

## Impacts and lessons learned

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Electronic trading in the book industry worldwide is essential in order to reduce costs and increase efficiency in the market. Nielsen BookNet not only provides economic solutions to the book community but is working with industry experts BIC (Book Industry Communication) to develop international standards which levels the playing field and enables smaller companies to achieve the same efficiencies as their larger competitors.

Francis Bennett, Managing Director of Nielsen BookData, commented: *“BookNet is in a unique position at the centre of the industry and is therefore well placed to create a trading hub – a central service that can enable all companies, regardless of size or technical expertise, to enjoy the benefits of e-trading. We believe we are able with BookNet Web to help the process. This is an area where we are fully committed to help the industry move to electronic trading and for this reason we are supporting the BIC initiative e4books project and working closely with the industry to bring real efficiencies to the trade”.*

## References and acknowledgements

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This case study was conducted by Paul Murschetz (empirica GmbH) on behalf of the *e-Business W@tch*.

### References

- Interview with Mick Fortune, Nielsen BookNet, Head of Technical Support and Service Development, February 15, 2005; and Mo Siewcharran, Head of Marketing, March 7, 2005

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