**DISTRIBUTION AND SALES POLICIES**

Last update: 10-10-23

**Right of Return**

All new books have a right of return. Right of return remains in effect as long as the book remains in a positive revenue status, including the costs of the return. This right is reviewed quarterly.

When books are returned, MSI Press refunds the purchase price to the bookseller. Printing cost is a sunk cost because MSI Press has already paid for the book to be printed. MSI Press also pays the shipping fee for the return, as well as a handling fee to the distributor for each returned book.

Returned books are delivered to the press at considerable cost and loss. Authors may purchase returned books—sales on returned books are otherwise typically low. In cases of author purchase, there is a possibility that the book will remain in a positive net revenue status, if overall sales are high.

Books with net revenue of $0 or less caused by book return in which the negative revenue is attributed solely to the cost of shipping returned books to the press will have the books placed in a return-but-destroy status (i.e. they will not be shipped back to the press and not become available for re-sale). This does not affect the right of return, just the manner of return.

Books with net revenue of $0 or less caused by book returns in any one quarter and an annual-to-date rate of returns that exceeds the average rate of returns for the aggregate of MSI Press books will lose the right of return. Author options:

* pay for returned copies through repurchase
  + significant author discount is available when large quantities have been returned because ship-back costs are less; actual discount can exceed the normal discount and can be negotiated with the press
  + all repurchased books require payment of the actual shipping fee from press to author for the USPS (this is the cheapest shipping cost since we get media mail discounts, which can be significant)
  + depending on the number of books returned, quantity of author repurchase, and overall sales, author repurchase may not completely restore the book to a positive revenue stream, in which case, one of the two following actions would apply)
* conversion of contract to royalties paid on net revenue (as opposed to royalties paid on list price) for authors who want to retain right of return for their books; where book returns are high, there can be a significant difference in royalty amounts, including no royalties or negative royalty status, in which case the author could be expected to cover the costs encountered from returns—these are easily documented); conversion is not automatic; it would require a decision/request for this action from the author
* rescission of right of return; if repurchase does not return the book to a positive net revenue and the author does not want to convert to a net-revenue contract, then rescission of right of return is automatic.

Books with a higher than average rate of return but that remain in a net-to-date positive status will be placed on a watch list to track rate of return and net sales over time (through the end of the two-year contract period, if need be).

Right of return can be an important factor in book sales. Bookstores generally will not purchase without right of return. Online sellers, like Amazon, often will accept books with or without right of return. The industry is experiencing a shock wave post-pandemic. In general sales (not just books), businesses have lost $8.16B in sales due to right of return; this is 17% of all sales. Within the book industry, the percentage is much more debilitating: 33% is the average rate of return.

Our rate of return is considerably lower, averaging 5% across all our books. We would not be able to survive with an industry-average rate of return. It speaks to the quality of our books that we have a low rate of return. However, each year it is usually 2-3 books that considerably exceed the average; most of our books enjoy a very low percentage of returns or no returns at all. For that reason, we have to restrict right of return on the few books that are bouncing back far too often.

If a mom-and-pop bookstore will not carry a book in an author’s community without right of return, we can offer an alternative. Consignment. Consignment, by nature, assumes right of return, but since it does not come through the distributor/wholesaler and we have direct contact with the bookstore, we can have good control over the rate of return and appropriate level of purchase.

**Consignment**

Books sold on consignment are paid for the by the bookseller at the end of the consignment period. Books not sold are returned to the author or publisher. We have sample consignment contracts for cases where the author wishes to do the consignment and ones where MSI Press chooses to do the consignment. In either case, we can conduct the sales discussion with the identified bookstore.

Our consignment contracts provide the same 40% discount to the bookstore that the distributor provides. The only difference is the manner of ordering—direct through the publisher rather than through the wholesaler/distributor.

**Backlisting**

All new books are front-listed for the first two years of publication (one year for hard covers). Books with revenue that exceeds the combination of author royalties plus cost of distribution remain front-listed and are reviewed on an annual basis, generally in the quarter following the payment of royalties.

MSI Press backlists books that do not have revenue sufficient to cover the cost of distribution once print cost and royalties are deducted (we do not consider overhead expenses, though we have them, in making the decision to backlist). Author options include:

* Pay the distribution fee in order to remain in the online stores and available to brick-and-mortar stores. That fee, in 2023, is $48/year.
* Let the book be backlisted. Backlisted books are available
  + at our webstore
  + through online used book sales (no royalties there, though)
  + direct order by bookstores from MSI Press (some bookstores will do direct orders; others, especially chains, will not)
  + online at Amazon as Kindle books (if an e-book has been created).

Backlisting decisions are made after the end of the two-year contract period and quarterly thereafter.