E4books Research Report on Hotlines

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1. Introduction

For many years the telephone hotline has been deployed by distributors to offer a fast-track service to their customers at peak times of year - notably the Christmas peak for the general trade and the academic peak for academic bookshops.

The e4books project is working to encourage the UK book trade to adopt e-commerce throughout the supply chain and has set a target date of 1st May 2008 as e-Day. This report looks at how telephone hotlines conflict with the aims of the e4books project.

For ten or more months of the year, many booksellers and most retail chains place their orders electronically but then, at the busiest times of year, they stop using their e-commerce systems and revert to the telephone to take advantage of distributors' telephone hotline services.

This report encourages the adoption of electronic hotlines to replace existing telephone hotline services. These solutions already exist but usage volumes are small.

So, the objectives of this report are to:

- Describe the current situation with telephone hotlines
- Describe the possible e-hotlines solutions
- Identify problems with e-hotlines
- Recommend a way forward

2.   Why hotlines?

It is very important not to lose sight of the business reasons for telephone hotlines:

- Speed of order delivery

- Differentiation of order within deliveries

A hotline gives an order a high priority and puts that order into the picking queue ahead of normal orders. At peak times of year fast-selling books need to be replenished quickly to maintain stock levels and customer special orders need to be obtained as soon as possible.

A hotline delivery is singled out from all the other routine deliveries and marked for special attention, usually with a red label on the parcel. The idea is that the

parcel will be identified at the store as a hotline order and therefore given priority in goods in. The parcel will be opened and the books booked in and rushed to the shop floor or to the customer service desk to fill a customer special order. When the hotline is for best-selling stock, the books go straight into the appropriate display whereas normal stock orders may wait to be opened at busy times and may at first be put into the stock room rather than go straight to the shop floor.

3.   Practical disadvantages of telephone hotlines

Hotlines provide an exceptional level of service but they also carry a penalty. Most distributors specify minimum order quantities or minimum order value to prevent booksellers placing very small or single copy hotline orders. Hotlines may attract less favourable terms or carriage charges to discourage overuse. Some distributors now charge for hotlines by specifying premium rate telephone numbers. This technique could be useful going forward as it increases the cost of using a hotline and could eventually encourage retailers to realise that e-commerce or an electronic hotline would be better.

For distributors, telephone hotlines have several disadvantages. Operators have to be made available to answer the telephone to take hotline orders, keying them into the distributor's computer system. In the warehouse, hotline orders have to be picked separately, often involving inefficient journeys around the warehouse, and they also have to be packed separately using a red label. High costs are associated with these extra services and less streamlined procedures.

Retailers too can find that hotlines are disadvantageous: they require labour to make the call and sometimes getting through is difficult. When it comes to processing invoices for hotline orders, there can be issues with matching prices and discounts expected and given, especially in automated invoice matching systems.

4.   Benefits of the telephone hotline

A telephone hotline is an interactive order between the bookseller and the member of staff on the telephone hotline. At times it is almost a negotiation, as the bookseller tries to order the books with the quickest delivery and best discount possible.

A few distributors even attract telephone hotline orders by offering additional credit terms or improved discount. This seems counter-intuitive as hotlines cost the distributor more and offer the bookseller a premium service. Nevertheless this does apparently occur with some distributors and it makes telephone hotlines even more attractive for booksellers. (There are lots of systems issues around improving terms and discounts on a single order: booksellers with sophisticated systems such as invoice matching will have problems obtaining the extra benefits. In exceptional circumstances it is even possible that the bookseller will gain the extra discounts or terms, reject the reduced invoice or extra credit and then spend extra resource in manually clearing up the mess. So booksellers who use these telephone hotlines should look carefully at these benefits to make sure that the benefit actually does accrue.)

Sometimes when shop staff telephone a distributor about price or availability they will be informed that the hotline service exists and they may then elect to use it. In this case, booksellers are telephoning the distributor without expecting to use a hotline but being offered a hotline service nevertheless.

The bookseller may try to place a hotline order but be told that it doesn't hit the appropriate minimum threshold: additional orders will need to be placed via this method if the order is to be treated as a hotline. This negotiating over the quantity to order or the overall size of the order in terms of its value or volume is done easily enough over the telephone and is based on the information available to the hotline operator.

In addition to this negotiation effect, there is also the taking of the operator's name as a reference for the order and a potential comeback if there is a problem later. Many traditional booksellers find this comforting. The human interface is also very important and hotlines give the bookseller the impression that the person they talk to is actually going to go to the warehouse, pick the book and place it lovingly in a box bound for the bookshop. In fact the operator is usually simply entering the order into a computer in exactly the same way as a suitably intelligent electronic interface or an e-commerce service could do.

We should also not underestimate the importance of the bookseller's end customer seeing the bookseller making the effort to pick up the telephone and take action in response to his request. When a customer asks about a book it is very satisfactory to be able to provide the right information, place the order and be able to confirm it back to the customer immediately. This is seen as good customer service. Most electronic services now available send orders in a batch mode, receiving back acknowledgements again in a batch mode, but this otherwise efficient method doesn't impress a customer as much as using a telephone hotline with its completeness of immediate order and response.

5.   Electronic hotlines

E-commerce can do much of the job of the telephone hotline just by its normal speed and efficiency. The orders flowing in electronically can be scheduled straight into the picking queue with no human intervention or delay and many booksellers may not notice much difference in speed between a normal e-commerce order and a telephone hotline order.

But to provide the full telephone hotline functionality - the benefits of both the speed and the singling out of the hotline parcel within a delivery - it is necessary to replicate this functionality electronically. Some distributors do offer a basic e-hotline service but at present usage of this service is patchy.

How would e-hotlines cope with minimum order values, volumes and other such restrictions? It may be that with web services technology a solution could be developed which automates the process. Equally an existing online service like PubEasy or Nielsen BookNet Web could develop more interactive functionality. But we may have to limit our ambitions to the simple supply of electronic orders without so much complexity. It would be very difficult to replace exactly the telephone conversation between bookseller and hotline operator covering information, decision-making, and questions and answers.

It is probably more realistic to limit the objective to providing the fastest order at a seasonal peak. The differentiation issue - the red label - is already provided by the telephone hotline service. This is done in the warehouse once an order is designated as a hotline order. It should be straightforward simply to add e-hotline orders to this and to treat them in the same way.

A telephone hotline order can be expensive for distributors. They have to employ an operator to take the order and key it in and this compares poorly with the costs of e-commerce or a successfully promoted e-hotline system where the orders would automatically go straight into the system. An e-hotline would have none of the upfront costs of order processing but would cost the same as a telephone hotline in terms of distribution. The issue of cost will need to be looked at as implementing an efficient e-hotline system and publicising it might increase hotline volumes and therefore distribution costs.

One major distributor analysed its hotline service over Christmas 2005 and stated that e-hotline orders were only 1% of orders. But when we look at the booksellers using that distributor's telephone hotline, the bulk of the volume comes from booksellers with fairly mature e-commerce systems (typically, large chains). So these booksellers are using telephone hotlines instead of their e-commerce systems and they are not currently using the e-hotline to replace the telephone hotline.

So why is e-hotline usage so poor? The problems are many and varied. In order to make the e-hotline successful we would need to have booksellers with the confidence and desire to use the service, appropriate standards in place to prevent complexity and duplication, and distributors able to accommodate the orders sent via the e-hotline. First, we need to look at the ordering services and see if they can provide suitable e-hotline functionality.

6. The main methods

- EDI
- TeleOrdering
- PubEasy

6.1 EDI

The BIC EDI standards cater for electronic hotlines in two ways currently:

- Header level RTEX code: value = H

- Order Line Reference insert word: HOTLINE.

The bookseller can populate the appropriate field in the EDI message with a Header level code H and some distributors will accept this and identify it correctly as a hotline. Others expect to see HOTLINE inserted as an order reference. This duplication is necessary as different trading partners have implemented different solutions. But the duplication doesn't help to clarify the situation.

The main EDI services can accommodate the BIC standard order message but they don't see it as a part of their service or a priority to promote it or even mention it to a new customer starting to trade electronically.

6.2 TeleOrdering

The hotline rules for TeleOrdering are also confusing. The bookseller can place HOT in any of three fields.

- Customer Reference

- Order Reference

- Comment

If the bookseller uses the Comment field then the order is very likely to be sidelined or otherwise delayed so the comment field is not recommended.

Putting the HOT characters into either reference field can be problematic as:

- Cust Ref and Order Ref may be treated differently by different distributors and the two fields can be merged or one can override another;

- Cust Ref needs to hold important information to indicate the (end) customer who ordered the book. This field contains only 12 characters in TeleOrdering and it is possible that if you had to add 3 characters on the front of the message to indicate hot that you would lose the last three characters and this might lose the unique customer order reference, especially if the customer's name is used.

- There is also the unlikely occurrence of the customer whose name is HOT or similar. This sounds ridiculous but anecdotally I have heard of a customer whose orders kept being lost by their local bookshop because his surname was Stock! Booksellers do sometimes use subject names in these reference fields: for example, a buyer in the photography section of a major chain might easily put an order reference in as "Photo" or "Photography" and in the past distributors have been known to treat these orders as HOT because of the appearance of the letters HOT. Using specially defined fields with established codes is much more reliable. If Nielsen were to consider re-designing their TeleOrdering service in the future this could be a useful area for development.

6.3 PubEasy

PubEasy has no special facility for hotlines but the word HOTLINE can be inserted into the order reference field on PubEasy. The problem here is that with _HOTLINE_, the text takes up 7 characters whilst the spaces at either end take up two more. HOTLINE can therefore take up 9 characters and the order reference field on PubEasy is only 14 characters long.

Again PubEasy could introduce a hotline field and feed the orders straight into the distributor host systems. PubEasy could also access key information on minimum order quantity and minimum order value and replicate more of the discussion between the telephone hotline operator and the bookseller.

This could be one service where the interactivity of the telephone hotline could be reproduced quite effectively. However, it is doubtful that the PubEasy community will see this area as a high enough priority for future development given the high costs of development and the lack of demand from the booksellers for an improved hotline service via PubEasy.

7. Distributors

The distributors have deployed hotlines to suit their client publishers and their retail customers. There is a wide variety of interpretations of hotline requirements, as can be seen in this table:

Distributor	Service offered	Date started	Value terms	Time terms	Orderline Ref format: (for TeleOrdering or PubEasy)
Distributor A	Y	Mid Nov	At least £100 retail value	Processed before 2pm.	HOT 286779 (Note the space)
Distributor B	N	N/A	N/A	N/A	N/A
Distributor C	Y	14-Nov	At least 30 units per order	Processed before 1pm.	Hotline or HOTLINE
Distributor D	Y	Mid Nov	Greater than 3 lines	Processed before 2pm.	Hotline or HOTLINE
Distributor E	N	N/A	N/A	N/A	N/A
Distributor F	Y	All year	Some publishers: £200 Retail. Others: £100	Orders placed by 2pm	Hotline must be in main order reference
Distributor G	N	N/A	N/A	N/A	Phone, fax or email ONLY

- Distributors with a mix of general and academic business may offer hotlines from August (academic) to January (trade), i.e. six months of the year.

- Out of 21 academic distributors surveyed by the BA, four started their hotlines at the beginning/middle of August whilst fifteen started at the beginning of September.

- Most run until the end of October/beginning of November (15) but some continued to the end of November (3); and two distributors surveyed overlapped with their Christmas hotlines and so continued until January. One distributor operated a hotline all year round.

- Some distributors accepted Hotline TeleOrders but did not always agree on how.

- The range of acceptable e-hotline codes includes HOT, hotline, HOTLINE, HOT LINE, LINE HOT, ACADEMIC HOTLINE, HOTLINE ORDERS and more.

- Different fields are acceptable, sometimes at line level and sometimes at order level. Sometimes the location within the field was also specified, e.g. HOT in first three spaces of the order ref field.

- Some distributors specified that they would not record dues against hotline orders, others that dues would be recorded but as normal orders and then supplied separately. There could then be issues with order numbers, claims, debits, credits and discounts. Again there is a need for simplicity and transparency: it might be recommended that dues are not recorded on hotline

orders. This is still problematic as the retailer does not always know if the distributor offers a hotline or if the hotline is in action depending on the time of year. Therefore the retailer would not know if the order was recorded as a due or not.

- Some distributors accepted EDI orders: recognising the H value in the EDI order header RTEX code as per the BIC standard. Others expected to see hotline or HOTLINE in the order line reference. Some expected to see ACADEMIC HOTLINE or even HOTLINE ORDERS. Some could cope with both H in the EDI message and the use of a reference such as HOTLINE.

The fact that several academic distributors refuse to take hotline TeleOrders could perhaps prompt Nielsen BookNet to develop a simple email based solution whereby the electronic order is received as normal but transmitted to these distributors as email with hotline in the subject field. This sounds like a backward step for the e4books project but at the moment these urgent orders are not being placed electronically at all.

Alternatively TeleOrdering could hold the hotline codes preferred by the academic distributors so that when the bookseller puts in "hot" and Teleordering looks up the distributor, the hotline code used by the relevant distributor could be added to the output message in an EDI format, enabling the distributor to accept a correct e-hotline message from TeleOrdering. Alternatively the H code which is the standard for EDI could be applied. This solution should work well for the larger academic distributors.

Some distributors decided not to offer hotlines to customers in the academic and Christmas peaks from 2005 onwards. This is supposedly because they have invested heavily in their distribution arrangements and their service is now so much improved that a hotline in their opinion should be unnecessary.

All this extraordinary variety, complexity and the lack of consistency provides a serious problem for electronic hotlines which needs to be resolved over the remaining two years to e-Day (1st May 2008).

8. Retailers

Some booksellers don't use hotlines at all. Some have invested in their systems to assist forward planning so that extra stock of predicted bestsellers is ordered in advance of the peak period. If this is done well, it reduces the need for last minute hotline ordering.

Most wholesalers don't provide hotlines to their customers. The theory is that their normal service to their customers is very fast and there is no point in putting a higher service in place via a hotline. Some wholesalers already supply their local areas on a same day basis. Wholesalers do offer Happy Hours and other methods of attracting orders and these can vary terms and involve rapid delivery but are not quite the same as hotlines which exist to offer a premium special service on top of a basically slower service.

Many retailers who order on distributors at peak times of the year do take advantage of telephone hotlines. The information about hotlines is published in The Bookseller magazine each year, but the retailers have to look up the appropriate information before using telephone hotlines.

Some retailers cannot put HOT or HOTLINE etc. into the order reference field as it is systems-generated by their EPOS system. Those who can will find it a hassle keying into the order reference field the right HOT or HOTLINE code for that distributor. It also requires extra effort in accessing the appropriate field and keying in the right values often for each line. At the moment it is probably quicker and easier to pick up the telephone.

One of the key benefits of TeleOrdering and PubEasy Central Services is to be able to send a file of orders and have the service route them to the right distributor. To send an order to an electronic hotline it would be necessary to know whether the distributor offers an e-hotline and if so which method the distributor accommodates.

Some booksellers have rapid dial numbers to each of eight or ten distributor's hotline numbers set up on their telephones. This makes calling a telephone hotline a single button operation and this makes telephone hotlines more attractive to busy staff at peak times. Otherwise hotline numbers are kept for reference on yellow stickies above the telephone location or on written or printed sheets nearby.

Some large retailers and wholesalers who have implemented EDI are not able to populate the H value into the RTEX code field. They have implemented EDI for routine messaging and anything extraordinary is dealt with outside EDI, in this case via the telephone. To implement e-hotlines there would therefore be the need for some systems development at the retailer or wholesaler. This may not be acceptable, even within the two years remaining before e-Day.

It is quite possible that booksellers and distributors are even today embarking on new systems developments which cover ordering but have failed to include electronic hotline functionality in their scope.

9. Systems Development

If the bookseller added the function to set a hotline flag on an EDI order or if they automate their TeleOrdering output with a table-driven solution which would initially be set to HOT, they could cope with any eventuality in the future. The advantage of a table-driven solution is that they can change the way the field is populated in future (i.e. HOT or another code value) without a major systems change.

Many distributors offer a telephone hotline service which enables the operator to set a flag which makes an order a hotline but, for some, the system does not recognise this flag in an order message from the bookseller. It would seem in theory to be a fairly straightforward piece of systems development for both the retailer and the distributor to add this functionality.

This sort of systems development only works when there is a trade standard showing the way so that the sender's message can be received and processed appropriately. This report suggests that because telephone hotlines are so popular it is worth developing a trade standard or recommendation for e-hotlines so that developments in this area are all in the right (standard) direction and money is not wasted on one-to-one trading partner set ups.

10. What actually happens in practice?

10.1 Job Scheduling

For a Christmas hotline, the job of looking for the relevant hotline code in the reference may only be scheduled at that specific time of year. It is claimed that these additional "Hot or Not" programs add to the time an invoice run takes, so this procedure is not always performed.

Hotlines start and end at a particular date and most distributors have to schedule a computer job to be run to provide this hotline functionality. These job schedules are often not automated - there are no start and finish dates in the system which automatically switch on and off the hotline functionality – and manual intervention is often required. This has to be timed exactly because if a hotline is advertised as starting on a particular day then to maintain retailer confidence it has to do so.

On the other hand it needs to be switched off at the end of the hotline period so that booksellers stop using it. Some distributors even leave the hotline functionality running all year round but don't tell their customers. This is seen as easier than switching it on and off.

10.2 Normal orders sent as hot in error

Some distributors' systems designate a whole order as hotline if one order line within that order has a hotline reference. Other distributors treat these order lines separately but there are issues attached to this. Ideally an order exactly matches a delivery and an invoice, but when some order lines are treated as hotlines then multiple deliveries (or claims for non-delivery) can occur.

10.3 Minimum thresholds are not enforced

Some distributors pay lip service to their stated minimum order quantity/value thresholds but then don't actually enforce them. This flexibility is to be welcomed as it contributes to serving the customer but when trying to convert the rules for e-commerce it is more difficult because the human intervention is missing.

11. The Internet model as an objective

A number of Internet services in other industries have been very successful in providing a good standard of service but you look in vain on their website to find a telephone contact number. They provide FAQs to cope with the repetitive easy queries and they add an email response service for more difficult questions. Ultimately they provide their services over the web and the customer learns to expect lower prices and fewer luxuries like telephone contact. Services like PubEasy and Nielsen BookNet Web are a step in this direction as they offer self-service bibliographic look up, price and availability checking, ordering and other facilities. Distributors who are partnering with these services have benefited from a reduction in phone calls to their customer services departments typically asking for price and availability information. This e-commerce and Internet model must be the way forward if, as a trade, we want to sell more books more efficiently and at lower cost. To achieve this we should reduce our reliance on telephone hotlines and increase the amount of e-commerce and e-hotlines uses.

12. Outline recommendations

Some people believe that e-commerce is so much faster and distribution generally so much more efficient that the need for the hotline will eventually disappear. Others believe that distributors are obliged to continue to provide this service to meet the needs of retailers and to satisfy the demands of client publishers who want to maximise sales at peak times of the year. It is therefore proposed that:

1. Those companies who don't wish to use or offer hotlines should not have to do so.
2. Steps should be taken to phase out telephone hotlines, or at least relegate them to an "emergency" premium service with associated higher costs.
3. Industry-agreed standards for the use of electronic hotlines should be agreed and implemented.
4. A code of practice for the implementation and use of hotlines, standardising procedures across the industry, should be published and promoted.