

Book Publishers

NAICS Code: 511130

SIC Code: 2731

Completed by Marissa N. García

It's a *Brave New World* for the publishing industry as it attempts to keep pace with the arrival of the digital age. An industry that began in 15th century Germany with Johannes Gutenberg's printing of the Bible is now grappling with electronic book imprints, digital article archives, and online versions of publications. The \$1 trillion industry includes publishers and printers of newspapers, books, magazines, and other materials.¹

The demise of publishing has been predicted since the days of Gutenberg. But for most of the past century—through wars and depressions—the business of books has jogged along at a steady pace. It's one of the main (some would say only) advantages of working in a “mature” industry: no unsustainable highs, no devastating lows. A stoic calm, peppered with a bit of gallows humor, prevailed in the industry.²

Types of Book Publishing and Distribution

Book publishing is not just about novels.⁴ Establishments in the book publishing industry carry out design, editing, and marketing activities necessary for producing and distributing books. These establishments may publish books in print, electronic, or audio form.³ Therefore, a prospective author can choose a publisher that offers a suitable place to express their interests and showcase their talents.

Trade Publishing

Trade publishers sell books through the channels that have been specifically established for books—bookstores, libraries, and wholesalers. Trade books are designed for the general consumer in mind and are published for children, teenagers, and adults. They can be works of fiction or nonfiction, hardcover or paperback. Generally, trade publishing is the most high profile type of publishing as it is the most commercially focused.

Professional and Scholarly Publishing

Professional and scholarly publishers produce books and journals specifically written for and marketed to professionals in a wide variety of industries, such as medicine, law, business, technology, science, and the humanities. Professional and scholarly publishing is often referred to as STM—scientific, technical, and medical publishing.

Educational Publishing

Textbooks are published by what the industry calls educational publishers. In addition to textbooks, educational publishers also publish all of the materials that complement the textbook—such as workbooks, tests, software, CD-ROMs, and maps. Textbooks are published for all levels of students, from kindergartners through postgraduate students. “School” publishers publish textbooks and materials for kindergarten through 12th grade and “higher education” publishers publish for college and university students.

University Press

Arguably the most difficult type of publishing house to define, university presses wear several hats. For the most part, these are not-for-profit departments of universities, colleges, and museums that publish books for scholars and specialists. Nevertheless, university presses sometimes engage in trade publishing as well, marketing their books to the general consumer.

Independent Publishers

An independent publisher is privately held rather than being owned by a parent company or by a conglomerate. Independent publishers exist in all sizes and publish all types of books. One of the great things about independent presses is that these entities often have considerably more freedom to publish the books about which they are most passionate. It is not known exactly how many independent presses are out there, but estimates are in the range of 50,000 and up.

Alternative Media (E-Books and Audiobooks)

An e-book is a book distributed and read in electronic format. Instead of walking into a bookstore, to buy a book in an e-book format, a consumer can visit a Web site to purchase and download the digital file. This file can then be read on a computerized device such as a Palm Pilot, Pocket PC, laptop computer, or other device. There are all sorts of e-books available today (including popular fiction and nonfiction, textbooks, reference books, and most other genres), and they can be stored in a virtual library on the computerized reading device—which can certainly make it easier to carry a lot of books on vacation or to school.

As the name implies, audiobooks are books presented in recorded audio format. Generally, audiobooks are recorded onto cassette tapes, CDs, or other digital files such as MP3s. The Audio Publishers Association defines audiobooks as “any audio recording that is primarily spoken word rather than music.” Audiobooks are available in a myriad of categories, from novels to self-help books to language instruction.

Other Types of Publishing and Related Businesses

A Subsidy Press/Vanity Publisher is a publishing company that offers publication services for a fee paid by the author, and holds the copyright to the book, but does not generally promote or market the book. Bookstores often refuse to carry books published by subsidy/vanity presses, and such books are rarely reviewed.

Self-Publishing is a method of publishing in which the author does all the things a publisher does—from editing to printing and distribution.

A Regional Publisher specializes in subjects relevant to a particular part of the country, and sells its books mostly or entirely in that area.

A Fulfillment House is a company that handles the entire ordering process for books, such as storing, packing, mailing, maintaining records, and other sales-related operations for the author or publisher.

Packagers (also known as Book Producers or Book Developers) are companies specializing in creating books up to the printing stage, at which point a publishing company takes over handling the book. Although publishers most often contract directly with freelance authors and use their own staffs to prepare books for publication, publishers sometimes take on books prepared by packagers. The packager's name may appear on the copyright page, but the publisher is always identified on the spine.⁴

Demographics

Book publishing market, which represents a huge market worldwide, is chiefly fostered by voracious readers, who make up the general consumer base and specific consumers such as students and professionals, and institutional buyers such as libraries. The book publishing market is poised to encounter a mixed bag of challenges and opportunities in the upcoming years. Key challenges are manifested in the form of the advent of information technology, shifts in consumer preferences, and hobbies towards other electronic forms of entertainment, changing business models, and the current downturn in the world economy. Despite the challenges, the book publishing market will stand enthused by market fundamentals, such as, conducive demographics, such as, students seeking educational

books, reference volumes and textbooks, parents and governments focusing more on the spend on education, increasing number of women and the middle aged continuing with and reviving their reading habits, professionals in various industries seeking books that help them with their professions, parents wanting to read out to their children from books, and individuals wanting books that assist in self-improvement.

Baby boomers and educated, affluent, and middle aged men and women will remain a lucrative consumer base in the consumer books market constituted by adult, juvenile, religious and mass-market paperbacks. Affluent and educated young parents constitute a not so small consumer base for juvenile books. As stated by the recent report published by Global Industry Analysts Inc., demand for consumer books worldwide is forecasted to grow the fastest in Asia-Pacific over the years 2006 through 2015. Across almost all the markets worldwide, textbooks comprising of Elementary & High School Books (Elhi) and College Books will be the prime driver of growth in the book publishing industry. The growing importance and need for education and the governmental, parental and school-level initiatives to help the children through with their education explain the interesting trend. Promising opportunities for growth emanates from this segment, especially with newer modes of publishing, such as, e-books, roped in by publishers to ride on the waves of change.¹⁶

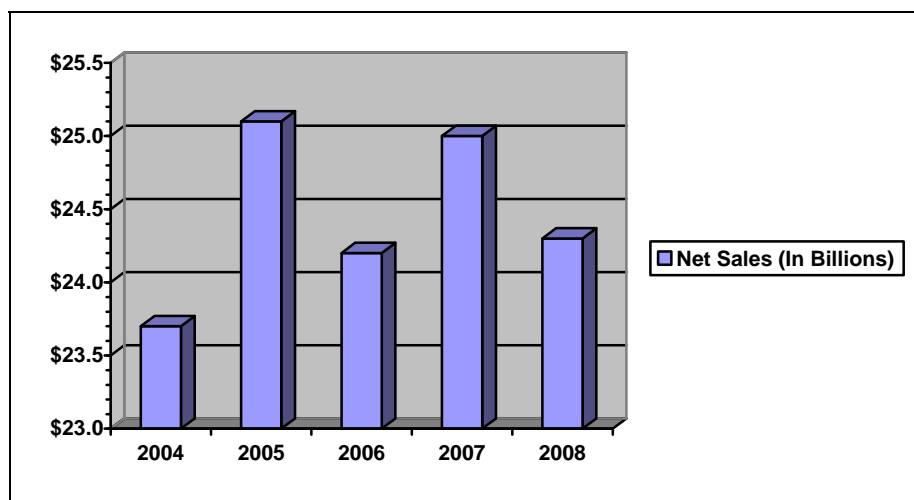
Industry Statistics

For over thirty years and as the leading trade association representing the U.S. publishing industry, the Association of American Publishers (AAP) research, develop and share trends and analyses of publishing sales in the consumer, Elhi (elementary/high school), professional journals and books, and higher education markets, to track the growth of book publishing domestically and worldwide for all arms that comprise the book publishing market.

As a foundation of service to the industry-at-large, the AAP analyzes factual data supplied by the leading book publishing media conglomerates from around the world. Statistics are utilized and available as annual reports that act as a resource illustrating growth trends in the book market.⁵

The Association of American Publishers (AAP) estimated that U.S. publishers achieved net sales of \$23.7 billion in 2004⁶; \$25.1 billion in 2005⁷; \$24.2 billion in 2006⁸. \$25.0 billion in 2007⁹; and \$24.3 billion in 2008.

Book Publishing Industry Net Sales (In Billions)



Source: The Association of American Publishers

According to the most recent estimates released by the AAP, total book sales fell 2.8% in 2008, to \$24.3 billion. Sales were down in 9 of the 14 categories measured by the association. The totals were based on the monthly reports supplied by 81 publishers, supplemented by Census Bureau data. The AAP applies the percentage change reported in each category by the reporting companies to the previous year's totals. Sales in the spoken-word audio segment, for example, are based on figures from 13 reporting companies and showed a 21% decline in 2008, due in part to the big sales of the audio version of *Harry Potter and the Deathly Hallows* in 2007.

The largest increase in 2008 was in the e-book segment, where sales rose 68.4%, to \$113.2 million. The figure is based on reports from 13 e-book publishers. The trade segment had a difficult year, particularly in hardcover, with sales down in both adult and juvenile.

The AAP estimates that industry sales grew at a 1.6% compound annual growth rate (CAGR) in the 2002–2008 period. During that span, the mass market paperback and the book club/mail order segments were the only ones to have a drop in sales. Excluding e-books, the religion book segment, with a 4.5% CAGR, had the strongest gain in the period.¹⁰

	2007	2008	% Change
Total Trade	\$8,525,932	\$8,079,423	-5.20%
Adult Hardcover	2,800,080	2,436,070	-13
Adult Paperback	2,282,173	2,364,331	3.6
Children's Hardcover	2,048,155	1,794,184	-12.4
Children's Paperback	1,395,524	1,484,838	6.4
Book Clubs/Mail Order	621,605	600,470	-3.4
Mass Market Paperback	1,119,140	1,085,566	-3
Audiobooks	218,230	172,402	-21
Religion	783,411	723,872	-7.6
E-books	67,233	113,220	68.4
Professional	3,474,656	3,457,283	-0.5
EI-hi	6,356,211	6,076,538	-4.4
Higher Education	3,677,970	3,777,275	2.7
Other	115,185	168,976	46.7
Total	\$24,959,573	\$24,255,025	-2.80%

Source: Association of American Publishers¹⁰

Industry Trends

Internet, e-books, electronic editing, and emergence of online subscription business models have all irreversibly changed the publishing landscape. Technology innovation has helped publishers save time and money, and has afforded the flexibility to publish any type of information at the earliest with lesser turnaround time and minimal costs. Emergence of electronic commerce, and the ensuing efforts to digitalize publication has expedited the process of publishing virtually any kind of publishing material from newspapers to databases, in addition to reduction in cost of binding, distribution, printing, shipping and

warehousing. On-line publishing is gaining in importance given the potential of this platform to reach wider audiences throughout the world.

Key factors wielding an influence on the world publishing market include favorable economic conditions, lifestyle trends, population growth, purchasing power, ethnic diversity and age composition, education standards, and foreign trade. Electronic publishing or on-line publishing is the fast catching popular medium for publishing books, newspapers, magazines, and other types of publications. There has been rising interest in the field of CD-Rom publishing with increasing number of publishers offering the CD-Rom version that enables convenient storage, search and retrieval. Due to the rising acceptance of on-line publications, several key magazines, local newspapers, regional newspaper and wire services have started offering on-line services.¹³

Booksellers themselves, reacting to current market conditions which favor discounters, whether of the bricks-and-mortar variety like Borders or the Internet variety like Amazon, may also force some changes in the publishing industry. From ordering fewer titles and fewer numbers of popular titles to reorganizing store displays to show front covers instead of just the spines, retailing changes are likely to influence business decisions, including marketing and pricing options, by publishers big and small. Recent turnovers among top publishing executives are indicative of an increased interest in the bottom line, with business types replacing older and more literary-inclined CEOs.

Some regard Amazon's e-book reader, the Kindle, and Sony's Reader, handheld and lightweight electronic devices which are capable of storing many books and displaying legible text even in low-light situations, as threats to traditional print publications. Others say giving more options to readers is always a plus. Amazon's dominance in online retailing of books, in addition to providing shopping opportunities for many other consumer items, disturbs some publishers. Penguin Books currently offers discounts to customers visiting its online store in one effort to compete with the Internet marketing giant.

Book industry professionals are striving to retain customers while dealing with an inevitable transition from traditional business methods and models to the fast-paced demands of the new-media age. For some, the morning newspaper, lunchtime magazine, and bedtime novel may appear in electronic formats instead of on inked papers. Others are likely to hold fast to the familiar paperbacks, hardcovers, slick magazines, and news-laden broadsheets and tabloids. Distribution issues may remain tricky and unresolved for some time to come. Content trends and related cultural effects are also in flux.¹²

Marketing

Book publishers these days are dealing with changes as major as the invention of the printing press, a machine which may be headed for the ash heap of history. Digital technology allowing on-demand printing of new and back-list titles is only one of several innovative approaches top publishing executives are aggressively pursuing. Adding social networking options to company websites, many of which already offer book trailers (similar to movie trailers) and podcast author interviews, is one of the latest marketing moves.¹⁴

In a panel addressing "The State of the Book Industry" at The Book Standard Summit and Bestseller Awards in 2005, Al Greco, senior researcher at the Institute for Publishing Research, spoke directly about consumers. He pointed out three key marketing issues that should be kept in mind as publishers reach out to consumers.

First, the average book buyer doesn't have to read the Wall Street Journal every day to have a sense on the state of the economy, he said. "The consumers know more about the economy than most of my friends who are professional economists," he laughed. "But don't tell them that."

Second, he noted that consumers are very smart with their money and that more people are purchasing used books and looking for books online. Lastly, consumers are affected by everything, he said, like interest rates and gross domestic product, and their book-buying will be too. By taking into consideration these three points, Greco explained, publishers can more effectively reach out to consumers.¹⁵

Future of Traditional Book Publishing

So what is the future of publishing? Whether publishers like it or not, the future lies in digital content and print on demand (POD). Publishers will be forced to print fewer copies of new titles just from the economics of their business model. While most traditional publishers do not embrace POD because of the higher cost per book and quality issues, the reverse is happening. The cost per book is going down and the quality is going up.

Printing fewer books is in sync with the explosion of digital content on devices like the Kindle, Sony's Reader Digital Book and the iPhone. With the Internet generation getting older, they may want to read more than an email or a text message and will prefer digital content over printed matter having grown up with computers and the Internet.¹⁴

Although initially looked upon as a threat to the traditional books in print, e-books and audiobooks are presently forecast to help drive incremental growth in the book publishing industry, in contrast to the earlier expectations of a possible cannibalization of sales, and revenues in the traditional print market. Despite the burst in the e-books bubble, e-books undisputedly are a publishing revolution. Publishers worldwide have leveraged the e-books opportunity to keep pace with the new generation of readers on-the-go. Although the market failed to meet overly optimistic expectations of the industry gurus, the concept of e-books has nevertheless helped change the way books are read, shared, discussed, publicized, and distributed. Given the ability of e-books to address specific consumer requirements better than books in traditional paper, and print, there exists robust potential for future growth if these books are aimed at specific lucrative niche readers. E-versions of textbooks and reference books hold the promise of turning into a market success.¹⁶

Associations

American Bookseller Association – <http://www.bookweb.org>
American Copy Editors Society – <http://www.copydesk.org/>
American Society of Newspaper Editors – <http://www.asne.org/>
Association of American Publishers - <http://www.publishers.org/>
Association of American University Presses – <http://www.aaupnet.org/>
Audio Publishers Association – <http://www.audiopub.org/>
Independent Book Publishers Association – <http://www.pma-online.org/>
International Publishers Association – <http://www.internationalpublishers.org/>
Magazine Publishers of America – <http://www.magazine.org/>
Newspaper Association of America – <http://www.naa.org/>

Sources

¹ Hoover's. Publishing Industry Description. 29 April 2009
<http://industries.hoovers.com/media/publishing/industry_description>.

² Kachka, Boris. "The End." New York. 14 September 2008. 29 April 2009
<<http://nymag.com/news/media/50279/>>.

³ U.S. Census Bureau. 511130 Book Publishers. 27 April 2009
<<http://www.census.gov/naics/2007/def/ND511130.HTM#N511130>>.

⁴ About Publishing: Types of Publishing. Bookjobs.com. 28 April 2009
<<http://www.bookjobs.com/page.php?prmlID=8#9>>.

⁵ The Association of American Publishers. About Industry Statistics. 07 May 2009 <
http://www.publishers.org/main/IndustryStats/indStats_01.htm>.

⁶ Jordan, Tina. "Book Publishing Industry Net Sales Totaled \$23.7 Billion in 2004." 24 February 2005. Web. 05 May 2009 <http://www.publishers.org/main/PressCenter/Archicves/2005_Feb/Feb_09.htm>.

⁷Jordan, Tina. "Book Publishing Industry Net Sales Totaled \$25.1 Billion in 2005." 06 March 2006. Web. 05 May 2009 <http://www.publishers.org/main/PressCenter/Archicves/2006_March/March_02.htm>.

⁸Jordan, Tina. "AAP Reports Sales of Books Totaled \$24.2 Billion in 2006." 22 May 2007. Web. 05 May 2009 <<http://www.publishers.org/main/PressCenter/Archicves/2006BookSales.htm>>.

⁹Jordan, Tina. "AAP Reports Book Sales Rose to \$25 Billion in 2007." 31 March 2008. Web. 07 May 2009 <<http://www.publishers.org/main/PressCenter/Archicves/S12007Release.htm>>.

¹⁰Publishers Weekly. "Publishing Industry Off 2.8% in 2008, AAP Reports." PublishersWeekly.com. 06 April 2009. 07 May 2009 <<http://www.publishersweekly.com/article/CA6649298.html>>.

¹²Stockbridge, Cath. "Book Publishing Today: Some Notes on Industry Trends." Associated Content. 24 September 2008. 11 May 2009 <http://www.associatedcontent.com/article/1034502/book_publishing_today_some_notes_on.html?cat=3>.

¹³"E-Books & Electronic Publishing Drive Growth The World of Publishing Industry." Weblog Entry. BookCatcher.com. 20 September 2008. 05 May 2009 <<http://bookpublishingnews.blogspot.com/2008/09/e-books-electronic-publishing-drive.html>>.

¹⁴Policastro, Anthony S. "The Sad State of Publishing and the Future of the Industry: How the Publishing Business Model is Flawed." Associated Content. 13 October 2008. 23 April 2009 <http://www.associatedcontent.com/article/1094762/the_sad_state_of_publishing_and_the.html?cat=3>.

¹⁵Collins, Mike. "State of Book-Publishing." Cork University Press. 30 September 2005. 13 May 2009 <http://corkuniversitypress.typepad.com/cork_university_press/2005/09/state_of_bookpu.html>.

¹⁶Seybold Online. "World Market For Book Publishing to Reach \$169.6 Billion." SeyboldReport.com. 15 April 2009. Web. 13 May 2009 <<http://www.seyboldreport.com/research/world-market-book-publishing-reach-1696-billion>>.

SBDCNet distributes limited competitor and/or supplier lists from industry accepted resources, but cannot guaranty accuracy. SBDCNet does not provide marketing lists, medical or legal advice. Preliminary patent and trademark searches do not constitute legal advice and consultation with an intellectual property attorney is advised. This material is based upon work supported by the U.S. Small Business Administration. Any opinions, findings, conclusions or recommendations expressed are those of SBDCNet and do not necessarily reflect the views of the U.S. SBA. This U.S. Small Business Administration (SBA) Grant is funded by the SBA. SBA's funding is not an endorsement of any products, opinions, or services. All SBA funded programs are extended to the public on a nondiscriminatory basis. This material may be protected by Copyright law (Title 17 U.S. Code).